

# Revolutionary Perspectives 26

US imperialism prepares  
for war: Our response...



**NO WAR BUT CLASS WAR!**



**Also in this issue: Class Consciousness in 1917 • Public Sector  
Strikes and Union Games • Sept 11th - One Year On • No War But  
the Class War: Debates and Meetings • Stock Market Crisis  
Britain's Rail Farce • Immigration • Colombia's Debt Crisis**



# *Revolutionary Perspectives*

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# Editorial

## New Wars in the Middle East

In June Bush made his long awaited speech on the Palestine conflict. This gave an indication of the path US imperialism has chosen to follow. By demanding a more moderate Palestinian leadership, the US is really demanding Palestinian surrender to Israeli annexations. The US is thereby ensuring that the present carnage in Palestine continues. In fact, the US has indicated that it is looking elsewhere to solve the problem, namely through the ending of support for the Palestinians by Iraq and Iran. This is now to be achieved by direct US military action. As we go to press there is speculation about the timing of the US invasion and public opinion is being prepared to accept that it is necessary. Justification for such an attack is no longer made by connections between Iraq and Al Qa'eda or even the work of the UN weapons inspectors. Bush has stated he intends to replace the regime of Saddam Hussein whether he accepts the weapons inspectors or not. The reason, blurted out by Bush, is that "Saddam is our enemy and we don't want him to get weapons of mass destruction."

The impending attack is raising tensions between the US and the Europe. The Europeans reject US actions over Palestine and are extremely alarmed by the proposed invasion of Iraq. In this they see a move to reshape the whole Middle East which, they correctly fear, could result in massive instability with serious losses for them. (See article "Eleven months since September 11" in this edition). Germany and France have demanded a UN resolution before any attack and the UK, the most slavish of US allies, is hesitant. The ambivalence of Blair was let out of the bag by King Abdullah of Jordan after Bush had brushed aside his objections to the invasion. A US invasion of Iraq will drive a significant wedge between Europe and the US and will be a further step in consolidating a European bloc.

## Stock Market Collapse

The massive falls in global stock markets are a reflection of the real state of the capitalist economy which has been partly obscured by the speculation of the 1990's. (See "Stock Market Falls Presage Capitalist War" in this edition). The reason for the present collapse is the inexorable fall in profit rates. Although capitalists have tried to overcome this, by installing new technology and moving factories to regions with cheaper labour power, these moves have only slowed the process. The present collapse will bring with it a devaluation of capital which may further slow the fall in profit rates but will not solve the problem. These economic problems of capitalism are the root cause of imperialism. The US adventures in central Asia and the Middle East have underlying economic aims which can be clearly seen in the drive to secure and control sources of oil, gas and other raw materials and prevent them falling into the hands of their economic rivals, the Europeans and Japanese. The economic crisis is therefore laying the basis for future wars. This crisis is also the force which drives the capitalist class to continually attack the wages and conditions of the working class.

## Workers' Resistance

The months of June and July saw workers in the UK taking strike action in greater numbers than at any time in the previous three years. This indicates a general dissatisfaction with low pay, insecurity and bad conditions and a new will to fight. (See article "Public Sector Strikes" in this edition). As we report these strikes have been contained and led to defeat by the Trade Unions. However, the difficulties the Trade Unions are experiencing in controlling the class struggle is reflected in the recent elections of so-called left wing leaders to many unions. Unions such as the rail unions RMT and ASLEF, the communication workers union CWU, the civil service union PCS and recently AMICUS have all elected left wing leaderships. These leaders

have not hesitated to denounce the Labour government and many have cut off financial support for the party. In doing this these leaders are attempting to restore credibility to their unions and distance themselves from the government. Such manoeuvres, though they delight the leftist parties such as the SWP and the Socialist Alliance, are really a very old tactic which we have seen used time and again. This leftward turn is really to head off future class struggle and divert it down the dead ends of leftist campaigns such as those for re-nationalisation, ending Public Private Partnership (PPP), ending Private Finance Initiative (PFI) etc. All of these campaigns, so dear to the hearts of the leftists, are campaigns to fight for a reform in the structure of capitalism. They are a total waste of time. Whatever ways our rulers choose to organise the present system we will still suffer redundancies, speedups and low pay, for the reasons mentioned above. Trade Unions will always fight for the interests of the capitalist class not those of the workers. They can never lead the class struggle in the direction of abolishing the wages system since such a change would destroy the basis of their existence. However, such a struggle is the only one which can fundamentally benefit the working class today. It can only be carried out by workers taking control of their struggles themselves and organising them through mass meetings, spreading the struggle to as many other workers as possible, unifying demands and politicising the battle. Today this is the only to win even short term demands. It is also the only route to the longer term struggle for the socialisation of the means of production and the establishment of communism.

# *No War But the Class War in Sheffield, July 13<sup>th</sup> 2002*

The text which follows was delivered as the introduction to the above meeting which was attended by about 30 people from a number of towns in the Midlands and North of England, as well as Scotland. They represented a wide divergence of political opinion from anarchists, anarcho-syndicalists, left communists, (organised and individual) as well as individuals originally from a variety of Trotskyist backgrounds.

The meeting was divided into two parts. The first part discussed the political basis of the NWBTCW coordination. Most of this was taken up with the rejection of the politics of a Third Worldist Castroite who tried to insist that both that the peasantry were the real revolutionary class and that Cuba was socialist. He voluntarily took himself out of the meeting when the second half on the practical nature of NWBTCW was discussed.

The outcome of the Sheffield NWBCW meeting on Saturday July 13<sup>th</sup> was that the original proposal made to the meeting was amended. The original proposal stated that we

in Sheffield NWBCW would like to see

1. The creation of other groups in other cities.
2. Ultimately we would like to see this coordination become international and internationalist by reaching other countries.
3. These groups to be active locally in opposing STW and the Socialist Alliance and any other left manifestation that sporadically claims the title of revolutionary.
4. These groups also to take on the anti-globalisation movement and draw those in it towards class politics.
5. These groups also engage in discussion and debate to deepen our understanding of where we stand in the process of change and how we can then help to create the conditions to bring it about.
6. These groups would organise discussions between different tendencies as part of our ongoing activity.

After some discussion a seventh point was added (which was an amalgam of two other proposals).

7. NWBTCW doesn't limit its activity to theoretical discussion or mobilising for demonstrations but actively works to take its message into every area where workers collectively congregate.

This resolution was approved by the meeting and the individual members of the Midlands Discussion Group promised to take it back to their next meeting for further discussion.

The next meeting of the Sheffield NWBCW is in the Rutland Arms, Brown St Sheffield at 8.00 p.m. on Monday August 12<sup>th</sup>. The main theme will be "What is the Working Class?" but will also discuss plans in response to the current build up for war against Iraq (Stop the War demonstration planned for September 28<sup>th</sup>). Midlands Discussion Group have a meeting on "What is Communism" on Saturday August 10<sup>th</sup> in Birmingham to which all are invited.

*This report compiled and approved  
at the Sheffield NWBCW meeting  
22/7/02*

## *No War But the Class War – More than Just a Slogan?*

### **The purpose**

There a number of purposes to this afternoon.

The ultimate goal we in Sheffield have set ourselves is the greater coordination of the efforts of all those, whatever their political starting points, who share the recognition that the only way to oppose capitalist war, the famines capitalism produces and the deterioration of the ecological framework of life itself is through class struggle to overthrow the root

cause of these disasters – the profits system itself.

However we also want it to be a place where people engage in a constructive discussion to deepen both our personal understanding of the situation we are in and to achieve a greater collective clarity about how a working class fight has to be conducted.

This seems all the more urgent given the nature of the situation which capitalism has arrived at today.

### **The situation we are in today**

The period we are in is framed by the **stagnation of the economic system**. Capitalism as a mode of production hit a brick wall 30 years ago. The clearest sign of this was the devaluation of the dollar (1971/3). The system's time lords have since tried everything to escape from the fundamental lack of profitability. Inflation and deficit financing was used to undermine militancy in the early stages, then we went over to nationalisation of failing industries, then when the cost of this threatened

national budgets monetarist ideas came in. De-regulation and privatisation accompanied by mass unemployment was the next non-solution. Finally, when none of this had reignited the accumulation of capital the capitalists went over to fraud – speculation and debt created a fake economic revival which has now blown up in the faces of the ruling class.

However **capitalism can have all the economic crises you like but it is still capitalism**. Left unchecked it has nothing to offer but more misery and barbarism. And barbarism means war. There is **only one class which can overthrow it** and that is the working class however much it has been written off (and it has been written off many times before even by so-called socialists (from Bernstein, through Marcuse to Gorz) it is the one global class which is collectively exploited by capitalism. Its struggles alone tend towards a collectivist solution for humanity's problems. It alone is the class which has the material capacity to halt capitalism's war

**War is not simply** the product of aggressive tendencies in human beings nor of the presence of evil in the world as the religious pacifists and liberals believe. War is the product of capitalist competition.

The Cold War did not explode into direct conflict between the two imperialist super-powers not so much because of the nuclear balance but because both emerged as victors in 1945. Both were out to preserve their share of the world against the perceived expansionism of the other. But even this apparently benign premise led to the deaths of uncounted millions which perhaps added up to 40 millions in half a century.

With the end of the Cold War and the collapse of the Soviet Union however we were promised a "New World Order" by Bush I. What did this "New World Order" start off with? – the massive attack on Iraq. And this attack has remained permanent. Every day for the last ten years British and US planes have continued to bomb targets inside Iraq. With Iraq still an open sore the Allied powers did not hesitate to create and manipulate the Kosovo crisis. The horrendous attack on the WTC last September has allowed

Bush II to articulate what the New World Order means – the all out unilateral action of the USA against any other state especially those which challenge its imperialist hegemony. "The War on Terror" simply gives a convenient cover for what the US has been stealthily doing over the last decade or so.

The war has also been a war on the working class in the advanced capitalist countries. As if it did not already have enough instruments of repression, the democratic state is giving itself some more. Not for the first time the war on terror has increased the power of the state – in 1974 the Birmingham pub bombings led to the first Prevention of Terrorism Act in Britain. This effectively took away the right of *habeas corpus* (i.e. that the police have to charge you within a specific time). Today people can be arrested anywhere in the USA and charged with terrorism on the say-so of the secret services. There is no trial and no appeal; a process that does credit to the Tsarist secret police, the Okhrana, in the nineteenth century who simply spirited people to Siberia without the courtesy of a decent caution. The war on terror also stifles dissent. "If you are not with us you are against us" said Bush – no-one can now question what the USA is up to in Central Asia, Colombia, the Middle East etc. or else you are assisting Al Qaida.

But whilst the main focus of our propaganda and agitation has to be against the power of the existing capitalist states NWBCW also has its origins in opposing the liberal/left/religious/pacifist popular front of the Stop the War Coalition. Many of us were driven together after the first STW meeting in Sheffield where there was much talk about God but none about the working class or socialism. Others have been accused of being racists because we have asked why reactionary Muslim clerics get to speak on platforms but not representatives of the working class. One person (not connected to NWBTCW) objected to the segregation of men and women in a meeting of Stop The War in Birmingham last autumn only to be threatened by SWP heavies who ejected him from the room. Let's be clear – the Stop The War Coalition does include people who genuinely want to end war but they are fooling

themselves and being fooled by a coalition which has a different agenda. STW is more about building the SWP by stealth than it is about opposing the drive of capitalism (a word it never uses except when talking of linking up to the anti-globalisation protest) to war.

The shoddy deals it is prepared to do against the interests of the working class are unbelievable. Don't take my word for it, read Alex Callinicos on Kashmir in *Socialist Review* April 2002. After calling the Stop the War coalition "the best example of a united front", he then says how clever the STW campaign was not to deal even-handedly with US imperialism and "Islamic terrorism". He then goes on to say

*There have been attempts to get the STW to broaden its programme by, for example, campaigning against the danger of war between India and Pakistan. Any such move would split the coalition wide open, since many of its Asian supporters take different positions on the Kashmir question.*

Leaving aside the strange idea that an alliance with the bourgeoisie is a "united front" what the good professor fails to tell us is that these are bourgeois nationalist positions that we must not offend.

When the STW coalition organises demonstrations under the slogans "Justice for Palestine" and "Solidarity with Iraq", or when it allows young Asians to shout "Allah u Akbar" it is clear there is a need for someone to inject a class perspective into the fight against the war on terrorism

It is obvious from what's already been said that **the key to our perspective is the working class**. It is the only force in society which is truly global, exploited in the same way (to whatever degree) and which has the collective strength to rebuild society along new lines which abolishes money, states, national frontiers and the horrors of war, famine and poverty.

But it remains a sleeping giant. Partially because it has been "disaggregated" by the crisis and partly by the blows that it has received as one or other of its former political leaderships have historically gone over to the capitalist class. First it was social democracy, then it was



the Third International, even the original anarcho-syndicalist ideal perished in the ruins of the Spanish Revolution

### The relationship of war and revolution in class history

For revolutionaries this is a challenge and an opportunity. We should not forget that the nearest the working class got to overthrowing the capitalists system was in the revolutionary wave which was not only brought about by the First World War but also brought that war to an end, and created the only real international communist movement which challenged capitalism in the period after World War One. This movement had its origins in the fight against war **but not** from a pacifist basis. The revolutionaries who split from the Zimmerwald and Kienthal conferences, from Germany and Russia in particular, were the ones who went on to found the Third International. They called not for an end to war, not for a "just peace" as the majority at these conferences did but for it to be turned into a civil war to overthrow the system that is behind the war.

The spirit of our resistance is based on the same theme. To quote Lenin

*Present day socialism will only remain true to itself if it joins neither one nor the other imperialist bourgeoisie, only if it says that the two sides are "both worse", and if it wishes the defeat of the imperialist bourgeoisie in every country. Any other decision will, in reality, be national-liberal and have nothing in common with genuine internationalism.*

However such a call had to have an echo in a real class movement.

But between Zimmerwald in 1915 and the founding of the 3rd International in 1919 there was a real resistance, from the first strikes in Germany in 1916 through the mutiny in 1917 when French troops actually refused to attack and extorted a promise from their commanders that for the rest of the war they would only defend the territory not in German hands.

In March 1917 came the beginning of the Russian Revolution whilst in the same year

British troops mutinied and deserted. By November the working class, headed by the Bolsheviks, overthrew

the pro-war Provisional Government. Lenin's first act was to issue the decree on peace. This forced President Woodrow Wilson to issue his 14 points calling for a peace based on fairness in January 1918. In the same month a frightened British Government conceded votes for most Women and all men for the first time. The British Government was also forced to bring in rationing to stave off the threat of revolution due to food shortages. And it was the starvation of the population which ultimately brought about the November Revolution in Germany which overthrew the Kaiser and established a republic.

### Where do we go from here

Our task is different from the past. The direct experience of war created the working class revolutionary movement almost from scratch. Revolutionary defeatism in 1914 did start out as a slogan of orientation but actual wartime experience and the working class response to the war transformed it into a living programme. Today the victims of imperialist aggression are most likely to be in places like Afghanistan where the proletariat is tiny or almost non-existent. This is why we think that any coordination of revolutionaries on a national scale also presupposes internationalist coordination.

At the same time we know that Afghanistan is not the end of the story (in some ways it was not even the beginning – we have already had Bosnia, Kosovo, and Iraq). Indeed what is significant is that there are no ends to any of these wars. The USA is gradually settling troops in every strategic area and expanding its occupation. It has given the green light to Israel to continue its illegal occupation of Palestinian territories.

We cannot become a coordination which only comes into life every time somewhere gets bombed – we have to have an ongoing existence which reacts to all the wars and all the demonstrations against them, which intervenes in all public arenas where the left try to press their nationalist solutions, and it needs to provide a forum for discussion about what is happening in the world and what we intend to do about it.

In one sense the rightward drift of bourgeois politics in the centres of

capitalism has opened up a space for us to operate. With the Labour and Social Democratic Parties no different from the Right and the former so-called revolutionary left donning the social democratic mantle abandoned by the Labour Movement, the possibility for a genuine revolutionary force to emerge exists. Indeed this meeting would have been unthinkable a short while ago. It is the result of the coming together of all those who recognise that proletarian positions can only be fought for outside the stifling frontism of the traditional left.

Some timid souls recoil from the name NWBCW. Class war sounds violent. But violence depends on our enemies. As Lenin made clear in 1914 the call to carry out the class war isn't a call for individual action. Indeed that is the very opposite of the spirit of our ideas which is to develop the conscious collective action of the class as a whole. The more conscious and collective the class acts the less violent will the capitalist response be.

Which is why we also reject terrorism. It isn't just a random anti-human act which sweeps up the "innocent" but it is also elitist in that it is based on the premise that the actions of small groups rather those of the working class as a whole can change society.

What we in Sheffield would like to see is:

1. The creation of other groups in other cities
2. Ultimately we would like to see this coordination reach other countries
3. These groups to be active locally in opposing STW and the Socialist Alliance and any other left manifestation that sporadically claims the title of revolutionary.
4. These groups also to take on the anti-globalisation movement and draw those in it towards class politics
5. These groups also to engage in discussion and debate to deepen our understanding of where we stand in the process of change and how we can then help to create the conditions to bring it about.
6. These groups would organise discussions between different

tendencies as part of our ongoing activity.

This is not an exhaustive list nor is it anything other than a proposal but we do believe that in the face of the misery which the continued existence of the capitalist mode of production

offers the vast majority of humanity it is not so much a case of "workers of the world unite we have nothing to lose but our chains. We have a world to win", but the opposite. If we don't begin the process of creating a proletarian response now there will

be no future. We certainly will have a world to lose. Socialism or barbarism is already the historic choice of our time.

## Sheffield *No War But The Class War* — a Proletarian Response to Trade Union Manoeuvres

### CWO introduction

*The bosses' press have been full of propaganda about a "summer of discontent". Without a doubt workers have plenty to be discontented about with the list growing longer every day. As yet the majority of workers who have taken action have done so under the control and manipulation of the same Trade Unions who have helped manage years of attacks on their members' living standards.*

*On July 17<sup>th</sup> the three main Trade Unions covering Local Council workers tried to defuse the simmering anger of hundreds of thousands of workers with a day's strike.<sup>(1)</sup> In many towns and cities rallies were held with self-congratulating "Labour Movement" worthies making the two related points that :-*

- 1) They were still able to manipulate whole layers of the working-class including some of those who are amongst the lowest-paid in legal employment*
- 2) They are still able and willing to provide a "left-wing" opposition within the bosses' system – a valuable tool for diverting workers anger into safe channels.*

*The re-emergence of the Trade Unions with their new left-wing leaders coincides with a re-emergence of their political equivalents in the Socialist Alliance and the newly resurrected Labour left. These forces are positioning themselves to benefit from the increasing numbers who are questioning the increasingly obvious attacks on the working-class. The growth of those forces is no step forward for those looking to a real class-based resistance.*

*The purpose of those left-wing formations is to ensure that workers are diverted into bogus activities, controlled by the establishment, on a programme based on capitalist solutions to capitalism's problems. Workers are divided by the Unions, by employment, employer, nature of work and geography. Where they are brought together by Union-controlled activities it is strictly under union control. The unions make sure that workers meekly return to their workplaces the following day with the Unions playing out their role in keeping day-to-day control. The actions of the Unions and the left-wing politicians can only serve to stifle any*

*moves to a collective working-class class-consciousness. The maturing of that consciousness inevitably means leaping past the Union divisions.*

*The Union charades are only a part of the ruling class's task in supporting and strengthening the capitalist left. They also sustain popular-front type campaigns around any issues which may otherwise allow for a class-based resistance to emerge. Over the last twelve months this has been seen noticeably in the "Stop the War Coalition" (STWC) and the more recent efforts to whip up support for Palestinian and Iraqi nationalism. In these campaigns the puppet-masters, particularly the Socialist Workers Party and their hangers-on, play a key role in dragging their supporters into a mish-mash with other liberals, pacifists, supporters of national liberation. The resultant movement is, and only can be, a force to misdirect activists into support for one or other bourgeois (ruling-class) faction.*

*In contrast to the SWTC's reactionary lash-up the CWO has worked with others to expand the network of those prepared to assemble under the banner of "No War But the Class War" (NWBCW). We encouraged the Sheffield NWBCW group to intervene around the Council strike on 17<sup>th</sup> July. As part of their intervention they produced a leaflet which was distributed in Sheffield, presented to an NWBCW event on the preceding Saturday and also circulated more widely via the Internet.*

*The CWO does not pretend that the leaflet is identical to one which we would have issued in our own name. In particular, we would have wished to explore strategies for taking class-resistance beyond the controls of the Trade Unions. As part of that the CWO also wishes to re-assert the necessity of building a revolutionary organisation to bring together the most advanced class militants and start laying the basis for a future world party of Internationalists.*

*Nevertheless we believe that the statement from the Sheffield NWBCW is part of an important effort to regroup a class resistance to bourgeois attacks, both their war-drive and austerity plans.*

*The CWO will continue to whole-heartedly support such initiatives and the expansion of the NWBCW network.*

*We reproduce Sheffield NWBCW's statement in full.  
Anyone wishing to contact them direct can do so at  
SheffieldNWBCW@aol.com.*

## **Note**

1 See "Public sector strikes – a summer of discontent" in this edition

# **Low Pay – Just part of the problem !!!**

The hundreds of thousands who have struck today are showing their anger at a pathetically low increase on already low wage levels.

The Trade Unions, alongside the bosses, have agreed low pay year after year. Now they wheel us out for one day's strike like the chorus in a musical.

But the low pay of many Council Workers is only one part of the problems which affect all the working class.

## **Working people – united in increasing suffering**

All the working class, whether in paid work or not, has the potential to unite against the whole range of problems which afflict us all — appalling health provision, continuing attacks on welfare benefits, constant ratchetting of racism and attacking the status of immigrants, the increasing casualisation of work, pauperisation of our elders etc. etc. .... and of course, low pay.

The multitude of problems which are afflicting workers worldwide are not a coincidence. They are a deliberate result of the bosses' attempts to maintain profit levels which have been constantly under threat for some thirty years.

## **The bosses' war drive – they profit – we die**

Alongside the day-to-day attacks on our living conditions the British ruling-class is involved in global competition with its national rivals to exercise control over markets, resources and the lives of our class sisters and brothers world-wide.

The last decade has seen barbaric wars exploding across the globe. The competition between the interests of the big powers has armed and fuelled divisions between their clients in Africa. The war in ex-Yugoslavia was stirred by conflicting interests of the various European powers and the US and brought savagery to the heart of Europe.

The appalling actions of September 11<sup>th</sup> were the actions of a clique, whose religious ideology is a cover for their struggle to take a place amongst the other capitalist robbers and cut-throats. The war in Afghanistan produced nothing but further suffering for the Afghan poor and a new government primed to be more compliant to the US's need to control the flow of oil.

## **Against pauperisation !!! – Against bosses' wars !!!**

Today the Unions have told one group of workers that their particular low pay is an isolated example – "a special case". This is a divisive lie !!!

Workers across the globe are suffering the same attacks. The intensity and form may differ but the root cause – a rotten and outmoded capitalist system dragging the world towards barbarism and destruction – is identical.

# **Class Struggle or "Anti-imperialism" – a Debate with Leftism**

## **Introduction**

During recent months CWO militants have been working with others in Sheffield to build an opposition to the bosses' war-drive based on developing a class struggle. The emergence of a successful co-ordination (Sheffield No War But Class War) has clarified the differences in theory and practice between class struggle militants, on the one hand, and the liberal pacifists and leftists in the Stop the War Coalition (STWC), on the other.

The differences have been explored in leaflets, by interventions at meetings and within debates on the Sheffield STWC mailing list.

The lines of debate have become particularly clear as STWC has become increasingly openly pro-Palestinian and, in preparation for the next military episode, pro-Iraqi.

We reproduce below extracts of a dialogue between John S, a Castroite, Chris C of NWBCW and the CWO.

The exchange deals with the national question and leads on to the tactic of

revolutionary defeatism towards imperialist wars in the present period.

The CWO, together with the left communist groups of the Italian and German left who survived the counter-revolution, argue that contrary to Lenin, the period when communists could give tactical support to the bourgeoisie in their struggles for the democratic revolution and national republics ended with World War 1. This is because the productive forces and the proletariat itself were then sufficiently developed for the



creation of communism. We argue that the change in the Bolshevik programme in April 1917, via the April Theses, in which support for the national bourgeois revolution was dropped in favour of the socialist revolution, was correct. The launching of the October revolution, as a first step in the world revolution, was a move which correctly reflected the state of global capitalism at that time and the consequent possibilities for socialist revolution. The nationalities programme of the Bolsheviks was, however, a mistake, and the later moves by the Comintern on this issue, such as in China 1927, were counter revolutionary. We argue that from World War 1 on, the proletariat could only follow the policy of revolutionary defeatism in the face of bourgeois wars, which were all imperialist. This entails total opposition to the bourgeoisie of both sides and propaganda for turning the imperialist war into a civil war. No support can be given to any war but the class war.

John S argues that support should be given to national bourgeoisies such as Cuba and Iraq because this will weaken US imperialism.

The exchange reproduced below has been edited of extraneous and repetitive material.

### **Chris C [a supporter of No War But Class War]**

... if you support a military victory for Iraq then it's logical to support arms sales too ... The logic of taking sides in conflicts between states ... is actually one that does lead to a pro-war position ... supporting Iraq against the US.

### **John S**

*The US rulers aim to take over that country, its government, its natural resources, in order that they can subjugate and exploit its people. At one time, the US rulers considered they could best achieve this aim by installing and supporting the Ba'ath dictatorship. But Saddam is a former henchman of Washington who has slipped his leash. By seeing the Iraq-US confrontation as simply a confrontation*

*"between two states", Chris's logic leads him towards a position of neutrality, which would be a reactionary, cop-out stance. Chris and his fellow anarchists talk a lot about "states", but never*

*mention the word "sovereignty". Whatever one may think of the Iraqi regime, Iraq is a sovereign nation which has a right to defend itself against aggression, and this means that it has the right to acquire the means to do so. This is not an ideological statement, but a fact. ... Denis Halliday has repeatedly defended Iraq's sovereign right to attempt to shoot down British and US warplanes who violate Iraq's sovereignty and drop bombs on its people, and I agree with him on this. The right of self-defence is codified into international law, although the imperialist domination of the UN and other such bodies means that oppressed nations like Iraq have no means of asserting their legal rights. The anti-war coalition should say that only the Iraqi people have the right to determine who rules that country. It is not our business to "oppose the Iraqi regime". What we must do is to tell the truth about the relations between Saddam and the west, and let the facts speak for themselves. .... The only way that Iraq could possibly hope to defend itself against the coming war, the only thing which could stop this otherwise inevitable war, is a revolutionary mobilisation of the Iraqi people. Only this could transform the international situation and create the conditions where one could talk of the possibility of the Iraqi people defeating the might of the US empire.*

*.... Saddam's brutal capitalist regime is incapable of doing any such thing. Yet the sectarianism of the British left knows no bounds. A few weeks ago, local SWP leaders were arguing to me that when millions of Cuban workers and farmers rally in Havana to support their revolution, this is no different than when the Saddam regime stages a pro-government demonstration in Baghdad. There's none so blind as they who won't see. Sitting on the fence doesn't give you a better view, either.*

### **K (CWO)**

The recent correspondence on the ongoing and, possibly, soon-to-be escalated war in Iraq has begun to clarify the differences between the No War But Class War position and those such as John S who pick which anti-working class element to line-up behind.

In John's latest mailing on "Iraqnophobia" he comes clean that he, alongside the adherents of the other left groups, are quite prepared to side with one bunch of ruling-class

The opposing view, that workers have no country and certainly have no interest in defending one state (or indeed national "sovereignty" as John prefers to refer to) against another, is described by John as "a reactionary, cop-out stance".

John's politics are not simply the product of his (and his political mentors the US SWP's) slavish support for all things Castroite, including Cuban foreign policy — if that were the case then the other left-wing animators (SWP (GB), AWL, Socialist Party etc.) of the STWC might differentiate themselves. In fact all those groups attempt to carry their followers and organisations such as SWTC along the path of choosing sides in times of war. That flag-waving for national "sovereign" states is the real reactionary position, but far from being a cop-out it sows confusion about the real possibilities of class struggle against capitalism and war and also serves to actively reinforce divisions within the working-class.

The taking of sides in wars and the encouragement of workers to identify "progressive" bourgeois forces (when in truth capitalism has long passed any progressive capability) is embedded in the theory and practice of John and his Trotskyist political ancestors and cousins. They are able to chime in with the siren cries of the open agents of one or other ruling-class who will cry for support for the "national" struggles of China and Abyssinia (1930s), unconditional defence of the USSR (1941-5), support for Stalinist Russia and China and their Korean and Vietnamese puppets, applaud numerous national liberationists who emerge to run capitalism in their new "sovereign" national territories (e.g. Algeria, Mozambique, Angola and, of course, East Timor) etc. etc.

John, and his comrades', political method forces them to pick sides again and again in times of war. For socialists, class struggle is our antidote to each and every national movement or war, whether actual or threatened.



## John S

*... I do believe that we should take sides in the coming war, but not between Saddam and George Bush, because history shows that they are both on the same side. We should take the side of the Iraqi people and Iraqi national sovereignty and oppose the imperialist aggressor. Because I support this in practice, and not just in principle, I support the right of Iraq to defend itself against the RAF and USAF. This is my personal point of view. I don't think it is necessary for the anti-war coalition to agree to this.*

*The reality is that Iraq is the target of imperialist aggression. The ultra-lefts in NWBTCW can't understand this because they don't believe there is any such thing as imperialism. As they have explained in previous postings and on their web-site, "all states are imperialist". This even includes the embryonic Palestinian state. They are therefore opposed to the Palestinians' struggle for statehood. They detest the Palestinian and Israeli flags equally, and argue for a "no-state" solution. They have disconnected what they call the "class struggle" from the real world. They sit high up on their fence, waving their "No war but the class war" banners. They abstain from the real struggle, counter posing to it their fantasy of an instant socialist revolution, simultaneous in all countries, leading without stages to an anarchist utopia. They champion the Bolshevik revolution but forget perhaps the single-most important contribution of Lenin, its leader, to the world socialist movement — his understanding of imperialism and his proposal that "Workers of the world unite" should be changed to "Workers of the world and oppressed nations, unite". Their ultra-leftism leads them into a neutral stance when the US imperialist aggressor prepares to attack and invade an oppressed, third world nation, having lost control of a regime which they themselves installed. In sum, you have sussed NWBTCW when you see that behind their shrill extremist slogans there is nothing progressive.*

## K(CWO)

.... John's view that the root of the crisis is "The US rulers aim to take over that country, its government, its

natural resources, in order that they can subjugate and exploit its people" is incompatible with a socialist i.e. an independent working class approach.

For socialists the root of today's crisis (as indeed it was in 1914) lies precisely in the crisis inherent within capitalism, and in imperialism — "the highest stage of capitalism". (John's assertion that NWBCW don't believe there is any such thing as imperialism is indeed a weird comment particularly as he quotes in his next sentence a statement from a NWBCW web site that "all states are imperialist".)

The history of imperialism since it came to dominate the globe is one of War 1914-18, reconstruction until the late 1920's, crisis roughly during the 1930's, to be repeated with the Second World War, an extended period of reconstruction and expansion extending until the early 1970 followed by a further crisis which has remained unresolved for three decades. That extended imperialist crisis took a new turn at the end of the 1980's when the Russian bloc (up to then an imperialist competitor which had forced the US, Germany and Japan into an uneasy alliance) collapsed. The resulting jockeying for power and control over resources between the bigger powers and their smaller clients is certainly real and underscores the slide towards barbarism during the 1990's. However the underlying roots of crisis lies not in the politics of nasty politicians or "elites" but has at its root a basic contradiction within capitalism — the tendency of the rate of profit to decline. The scramble between competing powers and alliances to maintain control over resources, markets and, in particular, over workers (whose labour power is the real source of wealth) is the outward reflection of the imperialist's effort to combat that crisis of their socio-economic system.

Secondly, the argument that US rulers wish to "take over that country" (perhaps they want to make it the 51st state) is a simplistic and misleading hotch potch which disguises the real way in which imperialism dominates all parts of the planet. It is a line of argument which naturally leads to John echoing every ruling class nationalist by blathering on about the defence of "national sovereignty".

John's view of imperialism implies that there is an "imperialist" camp, USA and its allies, and somewhere a number of non-imperialist parts of the world where states exist where the imperialist part is not able to "subjugate and exploit". It is precisely at that point that John departs from anything identifiable as a revolutionary Marxist position. The historic reality is that imperialism has encompassed the globe for nearly 100 years. That was precisely the conclusion of Bukharin, Lenin, Luxembourg et al who were key inspirations to those who defended revolutionary internationalism during the first imperialist war. That understanding supported the interventions which helped support the Russian Revolution and found the Communist International. In contrast to that revolutionary workers internationalism John counter poses a perspective of the unity of "Workers of the world and oppressed nations". His interpretation of "Leninism" is based on the formulations adopted in 1921-2 and subsequently when the revolutionary wave had been stifled and the Communists were left in a historic tragedy and they, massively incorrectly, sought alliances with "friendly" or "progressive" states and other forces. That striving to distil out progressive elements from a world system which is incapable of further historic progress is enshrined in the theory and practice of the Stalinists (including their Castroite offshoot) and Trotskyists alike. In contrast to the search for the virtuous "national" "sovereign" states Marxists counter pose the common interest of workers of all countries and the common opposition to the capitalist rulers of all states. The idea that certain national states are capable of standing aside from the global dynamics of late imperialism is simply unreal. John's Cuban state heroes make their money by seeking markets for their sugar and food products and opening up tourist hotels to attract foreign currency. The idea of "socialism in one country" was an anathema to all those socialists who resisted the degeneration of the Marxist movement in the 1920's. John would now have us believe in the myth of "socialism on one island" with a network of progressive and well-meaning non-imperialist allies (Palestine, Iraq et al) as a second tier



# Eleven Months Since September 11

## US imperialism rampant

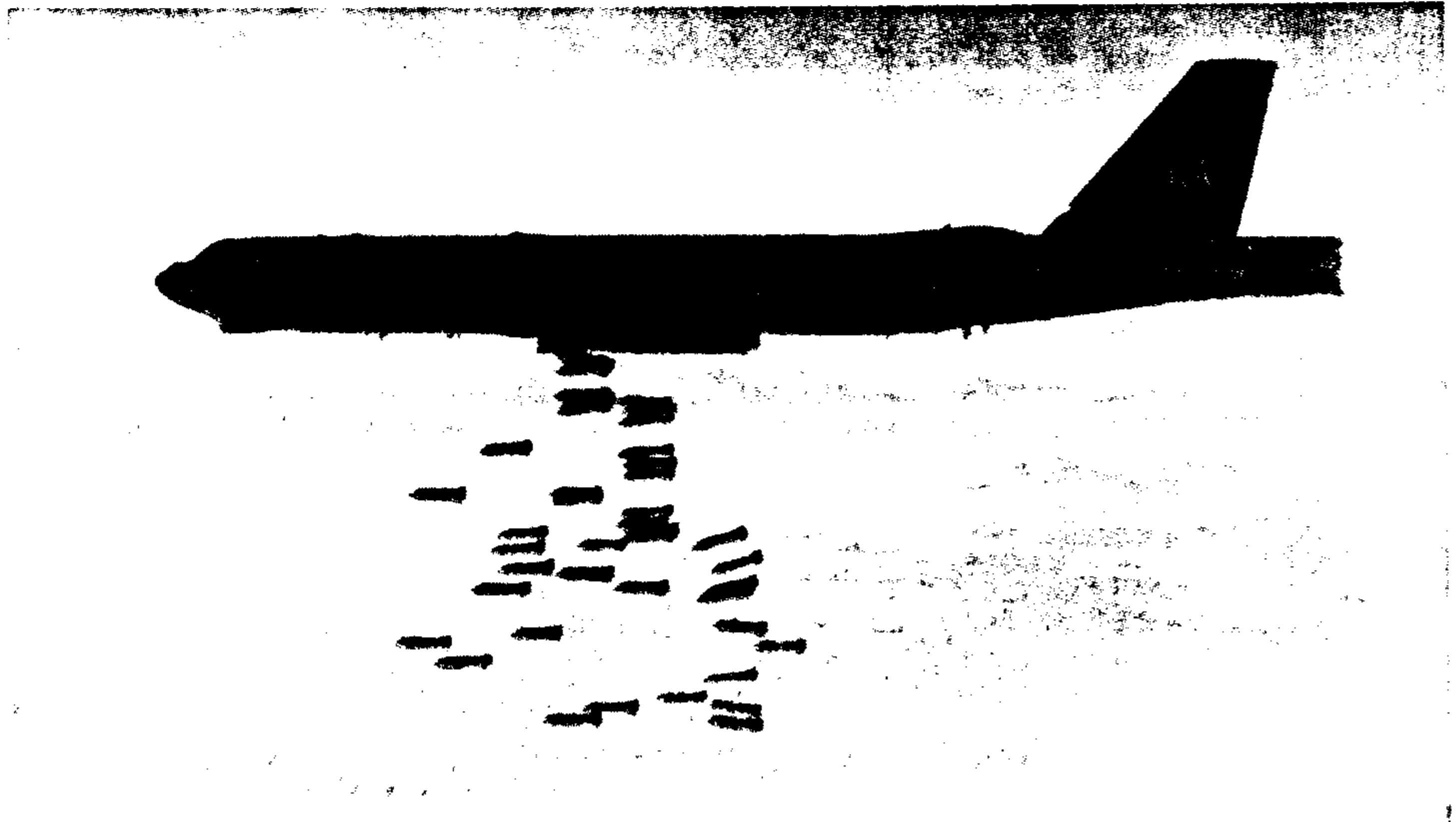
Eleven months have now elapsed since the attacks on the World Trade Center and the Pentagon. The dramatic nature of these attacks has been followed by equally dramatic advances in the interests of US imperialism worldwide.

Not only has the US taken over Afghanistan and advanced into the oil rich region of the Caspian basin, it has effectively abandoned the cold war restrictions on the use of its enormous military power. All this has taken place with the consent of its main imperialist rivals, the Europeans, who have been manoeuvred into supporting the US advances through the anti-terrorist alliance and the invoking of clause 5 of the NATO alliance.

The US is now poised to attack Iraq and possibly Iran thereby reshaping the Middle East so that it has sole control of its oil resources and there is little its rivals can do to prevent this.

Domestically the events have been used to shock its citizens into acceptance of the need for open-ended foreign wars to defend US interests and the spectre of Vietnam has, for the present, been laid to rest. At the same time US citizens have been persuaded that internal

movement. As we have explained in previous editions of RP<sup>(1)</sup> both the Taliban and Al Qa'eda were created by the US to start with, and sponsored by it via its allies, namely Pakistan and Saudi Arabia. Hence their independent existence was something of a fiction and their



*The USA's New Moral High Ground: to "free" Afghans from the Taliban has killed more civilians than were killed in the Twin Towers on September 11<sup>th</sup>.*

## Debate with Leftism

*Continued from preceeding page*

of progressive, non-subjugated, sovereign states. More critically, his followers are not only asked to believe the fantasy, but to ultimately support their military efforts. So, yes John, let's "debate the central issue". Is it time to encourage the working-class to become aware of its own capabilities as the grave digger of a system which can only offer misery and destruction? Or do we endlessly look for the mythical progressive national sovereign state for the deluded and deceived to support in peace and war?

The first is our path and the path of NWBCW — the second is John's and the national liberationists. Those seeking a socialist path need to make the choice.

surveillance and repression are absolutely necessary. These events have been used to create a climate of opinion in the US to support war in the same way Pearl Harbor was used. A more recent (Russian) example of such a manoeuvre was the terror bombings in Moscow in 1999 killing 300 Russian workers, which were used to prepare the ground for the second Chechen war. There is no doubt that the bungling incompetence of the highly-trained and massively-funded US secret services in failing to detect the long-planned September 11<sup>th</sup> attacks, which led to the deaths of thousands of people, gave the US the moral excuse it needed to stomp around the planet imposing its imperialist aims. In some ways it couldn't have come up with anything better had it tried.

## Advances of US imperialism

In a few short months the US military achieved the total destruction of the Taliban regime in Afghanistan and the decimation of the Al Qa'eda

destruction relatively easily accomplished. The next process, that of installing a puppet regime in power has also been smoothly accomplished. The latest successful step being the use of the "Loya Jurga" to confirm the US appointees in power. The security of the regime ultimately rests with the US military. This is true despite the protection given to the new government by the International Security Assistance Force (Isaf) which is made up of the US NATO allies. Although this force and the limited use of specialist troops, such as British marines, provides the fiction of an international effort it is the US which retains command of both Isaf and all other military operations. It is the US which provides the real power through its control of the air, and through its military base at Kandahar in the south of Afghanistan and its further 13 other bases set up in the surrounding countries.



Many of the new US bases are in countries of the ex-USSR. The US has taken over Soviet military bases in Uzbekistan, Tajikistan and Kyrgistan and has deployed military personnel in Georgia. US imperialism has thereby advanced towards the oil and gas wealth of the Caspian basin. All this indicates a more open use of US military might to support its economic interests. It was no surprise when in May the new Afghan ruler, Karzai, announced plans to revive US plans for gas and oil pipelines from Turkmenistan to the Pakistani port of Karachi in conjunction with US energy company UNOCAL. Other pipelines are being planned from Afghanistan's own gas fields in the north of the country together with plans to exploit the Haji Gak iron ore deposits in the north west, and to build new roads to support these developments. Through its military might the US has opened up the area for US capital and hopes thereby to achieve cheaper raw materials for its industry and control of the resources of the region.

All this has been achieved by a rapprochement with Russia. A rapprochement which can only indicate the weakness of Russia since the US has unilaterally abrogated the 1972 ABM treaty, which Russia said it would not accept, and said it is to press ahead with its missile defence programme which is aimed at making Russian missiles redundant. In a separate agreement, however, it was announced that the US and Russia had agreed to reduce nuclear weapons from the present numbers of 6000–7000 each to 1700–2200. Even this appears advantageous to the US, which is to store most of its weapons while Russia is to be given a \$20bn loan to enable it to destroy its warheads. At the same time the US has arranged, for the first time ever, to directly purchase oil from Russia and deliveries started in June. This shows Russia cooperating with the US in its attempts to diversify oil supplies.

The other element of rapprochement with Russia is undoubtedly over Chechnya. Although we do not know the sordid details of the deal which allowed the US to move into the ex-USSR central Asian republics, fewer supplies now appear to be reaching the Chechen rebels and criticism of

Russian atrocities is more muted. The stationing of US forces in Georgia was apparently to assist in stopping Al Qa'eda support for the Chechens but it is clearly highly advantageous to the US. It represents a military foothold in the oil rich Caucasus and thus the ability to protect the principal artery for oil from Azerbaijan to the US which runs from Baku in Azerbaijan to the Georgian port of Supsa on the Black Sea.

The US has clearly made enormous gains from these agreements with Russia and conceded little in return. These deals also serve the longer term US aim of tying Russia to the US and preventing its alignment with the Europeans.

The proposed attack on Iraq and possibly Iran, both of whom have no connection with Al Qa'eda, indicates how the US has used the September 11 attacks to dispense with the old rules under which it pursues its military interests.

### **New ground rules for US imperialism**

Since September 11 greater unilateralism has appeared in the US use of its military force. It now feels able to unilaterally abrogate military treaties, ignore the UN and set its own limits on the use of its power. No UN resolution was bothered about before the onslaught on Afghanistan and war has not even been formally declared. Although this follows the precedent set in Kosovo, this time almost no effort was spent justifying this. The US has also stated it has no intention of getting a UN resolution before invading Iraq. Similarly international law is now brushed aside and its Afghan prisoners are caged on its Guantanamo bay base in Cuba like animals. They are denied rights which should be accorded to them under treaties to which the US is itself a signatory, e.g., the Geneva Convention.

The US has already refused to submit to international treaties on military issues such as nuclear testing, land mines, chemical and biological weapons. The fact that the US can argue for an attack on Iraq because Iraq might develop nuclear, chemical or biological weapons while refusing to submit to any international monitoring of its own development and stockpiling of these weapons shows new levels of arrogance and

hypocrisy. The recent antics over the International Criminal Court (ICC) set up by the UN in July (against US wishes) confirm that the US no longer considers itself bound by international law. It certainly will not tolerate such restrictions on its military as it accepted during the period of the Cold War. On the contrary, the US wishes to extend its law internationally forcing other countries to obey decisions of the US government and legislation passed in US congress. The attempted prosecutions, brought against foreign companies trading with its enemies such as Cuba and Iran, are evidence of this.

Since the September attacks the US has also announced massive increases in its military spending which will be used to bolster its global military role.<sup>(2)</sup> It has also announced a new doctrine on the use of nuclear weapons, namely that it is now prepared to make first use of them in future conflicts, just as it did at Hiroshima.

All these things amount to a redefining of the limits to the use of force which the US is prepared to use in the pursuit of its imperialist interests. The US is, of course, demanding that these new limits be accepted by its rivals who are, to say the least, not happy with what has occurred. The new US watchword coined by Bush is,

You are either with us or you are against us.

The first real test of this new doctrine will come with the invasion of Iraq.

### **Imperialist tensions**

The US is determined to invade Iraq and install a puppet regime there and possibly do the same in Iran. Such a bold move would give the US the ability to reshape the entire Middle East. It would give the US access to the vast untapped Iraqi oil reserves and provide another route, via Iran, for the oil and gas of the Caspian basin. It would also, in the eyes of Bush's strategists, be the key to solving the Palestinian problem. Without support of Iraq and Iran, they argue, the Palestinians would be forced to accept Israeli terms of surrender.

Although the UK remains ambivalent in following wherever the US leads, the other European powers and



Japan are not. They stand to suffer substantial economic losses if the US overturns the present regimes in these countries with whom, despite US trade embargoes, they have negotiated lucrative contracts. Nor do they wish to see the US gaining complete control of all the oil from the Middle East as this will certainly be used against them. Both Germany and France have now insisted that a UN resolution will be needed before an attack on Iraq.

The Europeans would also prefer to see the oil from the Caspian going westwards in pipelines taking it to Europe rather than south east via Afghanistan to the US, and are therefore far from happy with the course the Afghan campaign is taking. The Europeans are similarly irritated over a range of other issues in which the US has acted unilaterally such as the failure to ratify the Kyoto climate accord, the imposition of steel tariffs and the new subsidies to US farmers. Imperialist rivalry between the US and the EU is growing and expressed in differences on the Palestinian crisis, the invasion of Iraq and trade. Although the EU is not yet able to openly put its head above the parapet and challenge the US it is able to play a spoiling game which it is now clearly doing.

Despite the initial support for the US which followed September 11<sup>th</sup>, the course of events since has actually sharpened the imperialist rivalry between the US and its main rivals. All this can only lead in the longer term to more confrontation paving the way to future imperialist war.

### Internal repression

The events of September 11 gave all the major imperialist countries a golden opportunity to increase internal repression and surveillance, which they have been quick to seize. The US has set up a new government department, that of "Homeland Security" with a huge budget whose role will be further surveillance and policing of US residents. In the so-called "land of the free" thousands of foreigners are now detained indefinitely without charge or access to lawyers or family. Where access of detainees to lawyers is granted all telephone conversations are tapped and monitored by the state.

The UK has been quick to follow the US lead. In the wake of September it

rapidly passed an "Anti-terrorism and Security Act" extending the existing Prevention of Terrorism Act to allow foreigners to be imprisoned without charge. This enabled our heroic home secretary to evade the European Convention on Human Rights and dish out repression on the basis of nationality, race and religion. A further extension of the state's powers to tap telephones and read e-mails has been introduced. This obliges service providers to retain records of e-mails and other internet activity and hand them over to the state. Plans for further control of the population such as identity cards are now in preparation.

All these measures are justified in the resolute fight undertaken by our rulers against terrorism and the forces of darkness. However, all these measures will in future be used against the working class and its revolutionary organisations. This is because the working class is the real enemy of the capitalist class and will inevitably be drawn into deeper conflict with it. The events, which we have seen since last September, have their roots in the capitalist economic system, which leads to economic crises, and to imperialism. To attempt to evade the economic crisis all states attempt to lower workers wages and living conditions. They attempt to restore competitiveness by undermining their rivals, which leads directly to imperialism and foreign wars. When actual wars break out the capitalist class demands total loyalty to the national, or more precisely their class's, cause. At this point strikes are banned, wages frozen and workers are marched off to slaughter each other for the imperialist cause. The ultimate victims of imperialism are therefore workers and it is necessary for the bourgeoisie to have to hand ready means of oppression when they resist. September 11th has provided the camouflage under which a new suite of repressive legislation has been introduced which will ultimately be targeted on the working class.

### Resistance to imperialism's plans

Without doubt the world is a much more dangerous place since September and a further series of barbaric wars lie ahead. As we have previously argued the so-called anti-war movement, which in UK is the

"Stop the War" coalition, is the complement of the war movement since it supports the aims of ending terrorism and establishing peaceful capitalism<sup>(1)</sup>. Many in its ranks such as Greens, Christians, Muslims and pacifists openly support capitalism. To try to persuade capitalism to be peaceful is like trying to persuade a shark to become vegetarian. Just as the entire metabolism of the shark demands meat, so capitalist competition leads to imperialism, which leads to war. War is an expression of the real nature of capitalism and cannot be prevented while the capitalist system remains the global system of production. Peace under capitalism is only the preparation for new wars. The last 100 years are evidence enough. The only way to end war is to end the system which causes war. All else is pure utopia. There are therefore no wars which the working class can support but the class war.

The CWO supports the UK grouping "No War But The Class War" in an attempt to build an anti-capitalist opposition to the wars which lie ahead. We refer readers to the report and leaflet from the Sheffield section of this grouping published elsewhere in this edition. There is one, and only one, way out of the present crisis and that is the way which leads to the destruction of capitalism and its replacement with communism. Even the smallest steps taken down this road are an advance.

CP

### Notes

- 1) See RP 23 "Afghanistan — The war on the working class continues"
- 2) Military spending is now \$320 bn annually and due to rise to \$450 bn by 2007. It is now equal to the combined total of the next 19 nations in the military spending league.
- 3) See RP 25 "US advances into Central Asia" and *Aurora* No 6 "To end war we have to end the system that causes war".



# Stock Market Falls Presage Capitalist War

**The fundamental business of the country, that is production and distribution of commodities, is on a sound and prosperous basis.**

Herbert Hoover, October 25th 1929

**I want you to know the economy, our economy, is fundamentally strong.**

George W. Bush, July 15th 2002.

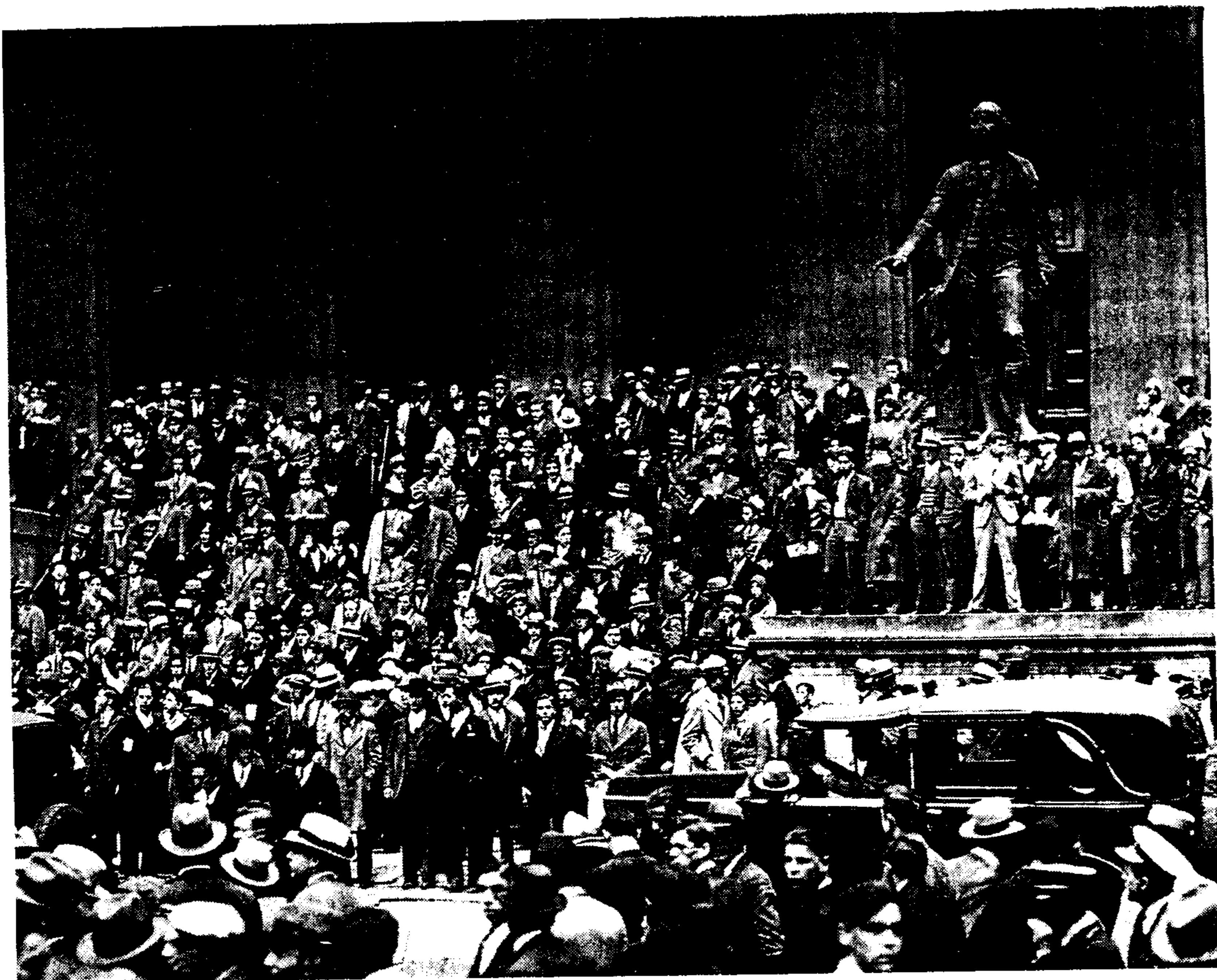
As we said a couple of issues ago, the gigantic financial deception which lay at the heart of Enron and what was then the biggest bankruptcy in US history, "is not an isolated case but [is] symptomatic of the global financial crash capitalism is building up for itself". [RP24 *Enron: The Shape of Capitalism Today*]

Since then a day hasn't passed without a 'revelation' of some sort of company executive fraud or financial scam as insolvencies multiply and stock market values tumble. In June the collapse of telecoms giant

WorldCom gave it the edge over Enron for the dubious title of the world's largest-ever bankruptcy. It is now plain to all that the financial bubble which added \$12,000bn to the nominal value of the US stock market in less than six years has finally burst. As 'public confidence in corporate governance' evaporates the US political establishment has taken up the task of re-polishing the tarnished image of American capitalism. The criminal investigation into Enron was followed by the prosecution and financial demise of its accounting firm, Arthur Andersen. It has become commonplace for companies to face criminal or civil prosecutions for financial 'wrongdoings' which were once themselves accepted as standard practice. Thus, big names like Merrill Lynch and Xerox have been obliged to pay out \$100m and \$10m respectively in fines. (Executives from some firms even face prison.) However, this cynical exercise in damage limitation has been no more

effective than Greenspan's remarks about "infectious greed" or Bush's inept speeches of "hangovers after binges" at reversing the 'bear market' [falling share prices]. — In fact each time Bush has made an attempt at a rallying speech share prices have fallen further.

The current bear market has now been running for over two years. New technology share prices — where most of the big bankruptcies have occurred — have fallen most dramatically (73%) but the overall value of US quoted stocks (new technology and old economy) has now dropped by 40% from their peak in 2000. This compares with an 89% drop in share values in the 34 month decline that followed the Wall Street crash of 1929; a 48% wiping out of value over the 21 month bear market of 1972-74 and a 32% loss in just two months during the 1987 crash. As for regaining lost values, it took 25 years of worldwide economic depression and the capital destruction of a world



*Wall St 1929: only state intervention has prevented the same rapid meltdown today but the problem of profitability has not gone away*



war before the Dow Jones eventually regained its September 1929 peak in 1954. It was a decade before US equity indices recovered their 1972 level while it took only two years for stocks to get back to the values wiped out in 1987.

Of course none of these stock market crises have been, or could be, limited to the US, nor have they occurred in an economic vacuum or simply as a result of speculators' greed. They all emanate from the cyclical crises in capital accumulation that world capitalism has endured since the beginning of the last century. The only way capitalism itself can only resolve these crises is by capital depreciation and devaluation, ultimately on a scale so massive that war is the only

way to recovery, just as it was in the 1930s. In this context the 1972-74 stock market crash has to be seen as belonging to the opening stages of the present world crisis which marked the end of the post-war boom and the beginning of the downswing in the accumulation cycle. From an anti-capitalist perspective, the re-opening of economic crisis in the heartlands of capital also brought with it the prospect of the development of a revolutionary solution as the working class responded *en masse* to the attacks on living standards wrought by spiralling inflation. Interestingly enough the impact of the 1972-74 crash (a 52% drop in share values) was harder on the London stock market than it was on Wall Street at the time or on the London market between 1929-32. Whilst the plight of London stock jobbers was marginal to the class struggle that was raging at the time and which brought a reawakening of revolutionary

political consciousness, it seems that the end of capitalism was also being

1970's and the end of fixed exchange rates brought inflation and a massive offensive against the working class, producing large scale unemployment and the economic restructuring of the 1980's, in turn paving the way towards a 'flexible' labour force which accepted the introduction of new technology and enabled globalisation of production and labour markets. Moreover, despite the abandonment of fixed exchange rates, the main pillar of the Bretton Woods post-war settlement, designed to avoid any repeat of the competitive devaluations and trade wars which led to real war in the 1930's, the US was still inclined to coordinate its response to the economic crisis with the other Western powers due to the polar threat from the other superpower, the USSR. Thus the G7 countries determined how GATT would give way to the World Trade

### Engels to Conrad Schmidt October 27th 1890

*So it is, too, with the money market. As soon as trade in money becomes separate from trade in commodities it has — under certain conditions imposed by production and commodity trade and within these limits — a development of its own, special laws determined by its own nature, and separate phases. If to this is added that money trade, developing further, comes to include trade in securities and that these securities are not only government papers but also industrial and transport stocks, so that money trade gains direct control over a portion of the production by which, taken as a whole, it is itself controlled, then the reaction of money trading on production becomes still stronger and more complicated. The traders in money are the owners of railways, mines, iron works, etc. These means of production take on a double aspect: their operation has to be directed sometimes in the interest of direct production but sometimes also according to the requirements of the shareholders, so far as they are money traders. The most striking example of this is furnished by the North American railways, whose operation is entirely dependent on the daily stock exchange operations of a Jay Gould or a Vanderbilt, etc., which have nothing whatever to do with the particular railway and its interests as a means of communication. And even here in England we have seen contests lasting decades between different railway companies — contests on which an enormous amount of money was thrown away, not in the interests of production and communication but simply because of a rivalry whose sole object was to facilitate the stock exchange transactions of the share-holding money traders.*

contemplated from the other side of the class divide. In a book on the history of the City of London financiers who lived through that crash reveal the extent of their fears and draw a picture of a fearful capitalist class: the Queen Mother praying for an upturn in the market, people cashing in equities and burying Kruegerrands in the garden; in short, panic. Or as one stock jobber is quoted, "I thought it was the end of the capitalist system, I really did." If only ...

Here is not the place to go over the details of how international capitalism came to survive the initial impact of economic crisis: how deficit financing in the

Organisation whose rules they devised to open up the rest of the world to their own competing capitals. At the same time the US accepted the participation of

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European and Far Eastern capital in the financial globalisation which resulted first from the freeing of international currency exchange rates and then magnified and spread to unprecedented levels with the introduction of electronic trading in everything from commodities and currencies, to shares and debt in all its mysterious forms. While American speculators moved in to ensure their cut of the City of London trade when it was deregulated with the 'Big Bang' of the Eighties, US capital in general could assure itself of global financial domination by virtue of its position as holder of the world's principal unit of account and international trade — the dollar. Thus, the US led the way in the revival of stock market trading and the boom in profit-making from revenues received for financial 'services' — anything from fees for overseeing company mergers and acquisitions to the rake off from selling shares — which are increasingly divorced from the production of surplus value (the so-called real economy). And even though the US current account deficit swelled the dollar held up because US financial markets continued to attract foreign investment funds. Not so today. In April the *Financial Times* estimated

that the US needed to attract an investment inflow of \$1.5bn per day to offset this deficit while in reality the net inflow for one month — January — had been \$9.5bn. Now the situation is worse. Investors are pulling out funds from the US. The almighty dollar is now losing value. (Almost 6% in real terms since its peak in January this year and 20% in relation to the Euro since mid-2000.)

No wonder Bush has joined up with Congress to introduce legal regulation designed to demonstrate to the world there is 'corporate responsibility' in the US. Some hope. Corporate executives in the US have led the way in the realm of financial speculation and the generation of fictitious capital. Increasingly they have been concerned, not so much about the financing of business in order to produce at a profit but about the business of finance in order to make a quick buck. News that executives from the top twenty-five of US recent bankruptcies managed to 'earn'(!) \$3.3bn dollars over three years while their companies lost over \$210bn only confirms this. (Over 94,000 jobs were also lost: a relatively small number compared to the supposed capital values of the

companies involved.) Yet, even in capitalist terms there is still an enormous discrepancy between the market price of shares and the earnings they generate (never mind the capital value of the companies involved).

*Measures of underlying value suggest that the market is still more generously valued than at any period in the past 100 years, apart from the peak of the recent bubble and in 1929. On a trade-weighted basis, the US dollar is 35 per cent higher than in May 1995. Estimates of the real exchange rate suggest the dollar remains almost as high as in 1985.*

*Financial Times 12.6.02*

In other words, there is still some way to go before this current 'readjustment' of share prices is over and plenty of room for the dollar to lose out even further against the Euro and the Yen. The stock market bubble may have burst but the reverberations have not finished yet. As with previous stock market crashes this one is not limited to the US. (35% has been wiped off world stock market values since their peak in April 2000.) However, the US was supposed to be the engine of world capitalist growth. Instead it is the harbinger of world depression and further financial crisis beyond the stock market itself. We are not interested in predicting when this particular bear market will be over but we can say with certainty that the US capitalist class as a whole is not going to sit idly by and watch further economic collapse and the dollar lose out to the advantage of their competitors in the fight for control of the world's wealth. ... A small war which threatened oil supplies and renewed trust in the dollar might be just what is required...

*E. Rayner*

### Notes

1 *City State: a Contemporary History of the City of London and How Money Triumphed*, Richard Roberts and David Kynaston.

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# Public Sector Strikes

## A summer of discontent?

In recent months various sectors of the working class have voted to take strike action, from airport and rail workers to council workers and firefighters, with one of the biggest strikes by council workers since the 1970's taking place in July. As ever industrial action has led to a barrage of abuse from the press and other media as well as from politicians and other members of the bourgeoisie. On the one hand they accuse the strikers of doing exactly what Tony Blair recently accused them of — wrecking the economy — whilst on the other hand they play down the threat by saying this wave of strikes is nothing as compared with the 1970's or 1980's and that things are different now anyway because the economy is much stronger and can withstand their demands, and that the strikes in any case have been poorly supported. This apparent contradiction, that the working class is weak and on its last legs whilst at the same time holding honest capitalists to ransom with its greed, shows that every ideological argument will be used against workers once they start to try and defend themselves from attacks on their conditions, wages or safety. Far more dangerous, however, are the methods used by the unions to split up the working class and keep it weak.

## The unions and their tactics

Much has been made about the leftward lurch in the leadership of some unions, most notably with Sir Ken Jackson losing his powerbase at Amicus to left-winger Derek Simpson. While this has been met with near hysteria by some capitalist commentators, Simpson is well and truly a New Labour member and has already stated that he is against withdrawing union support for Labour and maintains Amicus will continue to fund Blair. A big change there then. Meanwhile the leadership change has been predictably embraced by the left who have always argued that if the leadership of the unions could be forced to the left then the unions would miraculously stop their division of

the working class and act as a force against capitalism. This daydream dominates their press, although there is no historical evidence for it at all. The other hero of the Leftists is the Socialist Alliance's Mark Serwotka. He fought a bitter legal battle to unseat the Blairite Barry Reamsbottom after the latter refused to accept he had lost the ballot of members. In his press conference after winning his legal case to be confirmed as the general secretary of the Public and Commercial Services Union, Mark Serwotka told reporters that strikes would only be used as "a last resort". "I don't seek confrontation. What I seek is a solution". Leftists tout these characters as the "new Jack Jones and Hugh Scanlon" even though they know that these ex-communists (i.e. ex-Stalinists) were the confidants of governments rather than defenders of the workers. What they do not learn is that all those who climb the greasy pole of the union bureaucracy can only do so by making themselves presentable to capitalism (however "left" they sound as they rise up, they all end by stuffing the workers they are supposed to represent). Serwotka and Simpson are already making the right noises to get themselves admitted to the corridors of power. This process which is repeated time after time with the rigidity of a law of science is not because the individuals fail but because the unions are themselves the organs of the state to manage the workforce.

Even the most militant 'left wing' leadership, such as the NUM's under Scargill, still put the survival of the union above the survival of their members, isolating workers deliberately from the rest of the class, leaving them to struggle alone until they were defeated. It shouldn't be forgotten either that Scargill has browbeaten an unhappy membership to pay him a whacking consultancy fee (ten grand a year) as honorary President on top of his NUM pension. Pity ex-miners never got the same benefits.

The unions now have plenty to worry about. Their numbers have halved since the 1970's, and therefore their coffers are vastly reduced. Their support for Labour has been rewarded with a tightening of anti-working class laws rather than a repeal as some expected. The leaders of the big unions, such as Sir Ken himself, are really politicians. One of the reasons Blair is so gutted at Sir Ken's departure is that he has been instrumental in aiding Labour in its bid to introduce the Euro. This, of course, produces problems. The

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From Revolution to Reformism



further right Labour shifts — and it is one of the most reactionary anti-working class governments left or right for decades — the more a vacuum opens on the left. Somebody has to argue that capitalism could be nice otherwise everybody might see it for the rotten anti-human system it is and organise to fight against it. The stirrings of militancy in the working class always produces the problem of how it should be contained, and its hardly surprising that a few old-Labour hacks have been pushed to the fore to channel any anger safely. They'll argue that the way forward is not for workers to fight for their own class interests but to involve themselves in this or that democratic battle, be it in the unions or the Labour Party, or to take over the executive of the union once the leadership battle has been 'won', or whatever other pointless fight they can divert workers into.

### Public sector strikes

By conservative estimates, some 750 000 workers came out in the July public sector strike. There have been strikes on the London Underground, the railways, the post office, by airport staff and fuel tanker drivers, firefighters and teachers. Despite union claims, all these workers have more in common than divides them. All are facing attacks from their employers, whether this is the state sector or a private firm, all face worsening conditions, greater 'flexibility', low wages, worries over the future of their pensions, or a decline in safety. This last issue was

the cause of the strike of tube workers who came out to fight against dangerous working conditions. The government has made no secret of its plans to reform local authorities, by cutting jobs, introducing Private Finance Initiatives and keeping wages low. Last year seven out of ten local authority workers were so demoralised they thought about quitting their jobs. Pay has been traditionally low in this sector, helped in part by the fact many local authority employees are women and are still paid less than men. But even men in local authorities are not paid anywhere near the average wage, with most earning only 83%. Other public sector workers also have a great deal to fight about. Firefighters are demanding a 40% pay increase, which would still only take them to £30,000 a year. The strikes have been naturally met with hostility from Labour, with one adviser describing them as 'our biggest threat yet'. Enter salvation in the shape of the unions. John Edmonds of the GMB, in a desperate attempt to stop any further strike action, suggested to the government they appoint a 'strikes Tsar' to troubleshoot and prevent strikes in the first place. Contrary to the position of the left, this isn't because he's right wing, but because strikes cause disruption and income loss to both the employers and the unions and have to be contained for this reason.

The recent public sector strike is a case in point. Called for one day, the union's disruption was kept at a minimum. The unions argued that since their members are amongst the lowest paid in the country they could not afford to stay out any longer. But even the lowest paid worker hands over a fair percentage of their wages to the union every month, and for what? No strike pay is ever paid. In fact, once the money is handed over it is never seen again. All the one-day token strike did was to leave some of the lowest paid workers one day's wages worse off. It's hardly a recipe for solidarity, and nor was the planned 'rolling programme' of strikes, which meant some workers would be called out while others went in. While further action was planned for August, Unison and others were desperately trying to reach a settlement. They had already

backtracked on their demand for 6% by the time they went into talks. In the end they settled for the 3% as offered in the first year, plus an additional 1% in October, with a further 3.5% in April next year. Unison hailed this as a great victory, especially for the lowest paid workers. They will eventually see an increase of 52 pence an hour, over two years of course, taking them to £5.32 an hour. The whole notion of percentage pay increases is divisive and unfair, and designed to keep those on the lowest wages firmly at the bottom of the wages pile. By dividing workers into little sectors and calling them out industry by industry or skill by skill, the unions manage to retain a firm hold over class anger.

### Class solidarity outside union control

Unison, and other unions, separated workers from each other. They made sure that teachers and local authority workers did not strike at the same time as firefighters or postal workers. They worked hard behind the scenes to reach a compromise acceptable to the government and or whatever employer they're dealing with. The last thing the Government wanted was a 'Summer of Discontent' and the unions are still anxiously working away to avoid one. For workers in all sectors, private or public, there is only one way to win a strike, and that is through solidarity with other workers facing similar attacks. This means working outside the union framework and against the union in all its guises, from the officials down to the leftists who try to push the more class conscious workers back into the union framework. At best, trades unions give workers partial compromise, but at a heavy cost, both financially to the individual worker and collectively by splitting workers up and stifling solidarity. At worst, they actively work hand in hand with the state to defeat our class. Unions, at any level, will stand in the way of real class solidarity. A series of meetings of workers from all sectors making decisions on tactics for the strikes could win real gains for workers. When workers organise for themselves and make their decisions outside of union control they will gain far more in a short time than a whole lifetime of union manoeuvring ever could, leftwing or not.

## Bilan & Perspectives

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# Understanding the Rail Farce

*"Capital is said by a Quarterly Reviewer to fly turbulence and strife, and to be timid, which is very true; but this is very incompletely stating the question. Capital eschews no profit, or very small profit, just as Nature was formerly said to abhor a vacuum. With adequate profit, capital is very bold. A certain 10 per cent will ensure its employment anywhere; 20 per cent certain will produce eagerness; 50 per cent, positive audacity; 100 per cent will make it ready to trample on all human laws; 300 per cent, and there is not a crime at which it will scruple, nor a risk it will not run, even to the chance of its owner being hanged. If turbulence and strife will bring a profit, it will freely encourage both. Smuggling and the slave-trade have amply proved all that is here stated."*

T. J. Dunning, *Trades' Unions and Strikes*, London, 1860, pp35-6, quoted by Marx in *Capital* Vol. 1 (p712, Lawrence and Wishart edition).

## Rail works...

All across the world, capitalism is re-invigorating the rail network wherever it can find the capital to do so. This is because rail transport is the most economic form of mass land transport, and this fact outweighs any ideological attachment capital has to road transport.

Britain, however, is a special case. The Channel Tunnel, by connecting Britain to the European rail network, has dramatically shifted the efficiency argument even more in favour of rail than it was in the past. Also, Britain seems to hold the European record for neglecting the railways in the past.

But, to realise the potential of the railway through Channel Tunnel, it needs to be efficiently connected to the rest of the network, and not, as now, by lines with speed limits which belong to the age of steam (and not the end of that age, either).

## ... if you can afford the train set

Improving or restoring the railways is a very capital intensive operation. For example, the initial estimate for the West Coast Route Modernisation (WCRM) was £2.2bn (according to Iain Coucher, the managing director of Network Rail, the not for profit successor of Railtrack, speaking to the Railway Forum and reported in the *International Railway Journal* — *IRJ*, 4<sup>th</sup> July 2002).

However, as regular readers know, capitalism is suffering from its endemic cause of crisis: the falling rate of profit.

In order to attract investment when profit rates are low, and, according to the quote at the head of this article, capital is timid, the Government had to offer the Sun, the Moon and the stars, in order to artificially push up the rate of profit, and the courage of capital, in activities connected with the railway. In return for promises to run the railway well, or, as the *IRJ* reports Britain's brand-new Transport Secretary as saying:

*Darling said operators need to bring in the flair[!] and efficiency[!] they promised when the railways were privatised.*

*ibid.*

the rail operators were put under a system of regulation so lax as to constitute *carte blanche* to run the system as they pleased.

On top of that, they were also given such a generous amount of subsidy that the 1999-2000 operating profits of the industry (£830mn) consisted entirely of Government money, which also covered a real loss of £470mn, amounting to a total of £1.3bn.

And, when Railtrack had to be declared bankrupt, the Government threw in the planets as well, and are paying the shareholders 89% of the price of their shares at the point when trading was suspended. Where is the so-called "free market" in all this? The free-market price of shares in bankrupt companies is 0% of their price immediately before the point of bankruptcy! This is state monopoly

capitalism, working so that "private" investors would not be scared off by the prospect of failure when investing in other rail projects like the later phases of the Channel Tunnel Rail Link. If this kind of attitude was prevalent in the (proper) betting industry, the Government would have stepped in on behalf of the bookies and given back the stakes of those who, whilst blinded by patriotic idiocy, bet on England to win the World Cup, so that the punters would not be frightened to back them for the European Championships!

## The ideology of "privatisation"...

When the ideologues of privatisation talk, they tell you that taking things out of state hands releases the power of private initiative and of competition. They often point at BT, contrasting the inefficient dinosaur which was part of the Post Office with the highly profitable, hi-tech inspiration that it is today.

Leaving aside the fact that some of the gloss of BT has worn away, the problem with this picture is that it has nothing to do with reality. In the particular case of BT, its privatisation coincided with a technological revolution in its sector, which benefited *all* telecom companies across the world, including ones which remained in Government hands. The privatisation at most released some capital which eased BT's participation in this revolution, but the technological revolution itself was the root cause of BT's initial success.

In general, in the cases where privatisation is not simply a surrender of the control of sectors to international imperialism, the state maintains control of the industries which have been privatised, except where these lack strategic economic importance. In the case of the railways, the overall strategic plan is determined by the state, which then offers franchises to rail operators. Once these have been taken, the state is not very strict in its supervision of the operator in question, because of the need to



raise capital, as we have already seen.

But we live in a world where capitalism tends to believe in miracles. It is more comforting to believe that privatisation rather than technological revolutions produce the all so elusive profitability, because privatisation is a possibility in all nationalised industries and not just where new techniques are available. The privatisation of the railways took the bizarre form that it did, with the track being owned by one company, Railtrack, and the trains being owned by many companies, all of which leased time on the lines from Railtrack, because the bourgeoisie believed that the resulting fragmentation of responsibility was a price worth paying to simulate competition (by the very nature of rail transport, there is little real competition), so necessary for the magic to work.

### ...and the failure of ideology

But no miracle arrived. The born-again private railway was just as unprofitable as it was in its nationalised life. Worse still, birth is a difficult process to be undergone as few times as possible, and the newborn suffered from the nature of its rebirth (this is also observable in many Christians!). A centralised state railway was unable to overcome its basic problem of a lack of investment. The privatisation, although not a reversion to the days of *laissez faire*, did introduce

a lack of centralisation and co-ordination. Indeed, this lack is very attractive to the companies involved, and probably is behind their continued interest in further schemes like the British bonanza. For example, First Group, one of the British operators, is seeking involvement in the running

of US railways (in the light of the Amtrak crisis there), and another, Stagecoach is trying to take over the passenger operation in Wellington, New Zealand (see *IRJ*, June 6<sup>th</sup>). Obviously, they are doing quite well out of the crisis of the British rail system and want to repeat the experience elsewhere.

Remember Mr Coucher, and his £2.2bn initial estimate for the WCRM? Well, he went on to say that he was puzzled as to why this had gone up to £6.8bn in April 2001 and stood at more than £13bn in July this year. But his boss, Transport Secretary Darling, has the explanation: "Not enough attention is being paid to ensure that sub-contractors do what they are supposed to do" (*IRJ*, July 4<sup>th</sup>, again). Isn't "losing" £6.2bn in little over a year on a single project a little careless? Or is it a case of giving the private companies an inch in the hope that they will provide investment, and finding that they take a mile, and leave you still in need of investment?

Naturally, the outcome of this farce was that the Government paid out more than it would have done if the railways had remained directly under its control. But, don't worry, there is still the milch cow of the working class, in its guise of taxpayer and commuter, as well as worker *per se*, to pay for the crisis of capitalism as it manifests itself in the transport

sector, as well as this botched attempt to conjure the crisis away.

### Let's all pretend it didn't go wrong

The collapse of Railtrack left £9bn of debt. This debt has been handed down to the successor, not for profit, company, Network Rail. Apart from the fact that this figure will certainly help Network Rail to be without profit, it is highly embarrassing for this "prudent" Government to have it on its books. It is alleged that the Government's decision to keep the £9bn off the Public Sector Borrowing Requirement is "Enron-style" accounting. But Enron wasn't so stupid as to tell people that it was going to defraud them before it defrauded them!

### Renationalisation?

Clearly, the fragmentation of responsibility which has occurred under privatisation cannot be good for safety.

But the real problem is not privatisation or nationalisation but the lack of investment in the network. A look at the record (in the Table) of fatal accidents over the last 20 years shows that this is true.

The railways were privatised between December 1995 and April 1997, according to a timetable established in March 1994. There is clearly no pattern of increased numbers of fatal

accidents after privatisation, which is what reformists like the Socialist Workers' Party are forever arguing. Capitalism simply cannot generate enough profit to rebuild the railways with much concern for the safety of passengers.

Renationalisation of the railways will not absolve them from the operation of the laws of capitalism. On the contrary, it

Date	Location	No. of deaths
May 2002	Potters Bar	7
Feb 2001	Selby	10
Oct 2000	Hatfield	4
Oct 1999	Ladbroke Grove	31
Sep 1997	Southall	7
Aug 1996	Watford	1
Mar 1996	Stafford	1
Jan 1995	Aisgill	1
Oct 1994	Cowden	5
Jan 1991	Cannon St	2
Mar 1990	Glasgow	4
Aug 1990	Stafford	1
Mar 1989	Glasgow	2
Mar 1989	Purley	5
Dec 1988	Clapham	35
Nov 1988	St Helens	1
Oct 1988	River Towy	4
Sep 1986	Colwich	1
Jul 1986	Lockington	9
Oct 1984	Wembley	3
Jul 1984	Polmont	13



will not provide an iota of extra investment, and it won't remove the pressure to cut corners on safety or to push down workers' wages.

In no way will reversing the privatisation at all help provide the efficient, comfortable and safe transport service which is a human need. Fighting for renationalisation is a complete waste of time. It is a pointless struggle which can only waste the energy of workers and prevent them mounting a successful struggle for their real interests. Whether the railways are private or nationalised the laws of capitalism will still ensure that rail workers conditions and pay are under attack and that their jobs are at risk.

### **Fighting back**

The proletariat is being asked to pay for a capitalist crisis, with its effects in every sector of the economy, which is not of its own making. The railworkers, too, are under attack, being offered derisory increases which will maintain them in low pay.

But, to fight back, they need to organise their own struggle and extend it to other workers. The unions have a loyalty to the capitalist system which gives them the role of managing labour power. Even the left union leaders defend their industry and its capitalist framework. For example, Bob Crow, the present darling of the SWP, welcomes state help for the very companies "his" workers will be fighting against: reacting to the news that the Government has given the infrastructure companies Metronet and Tube Lines, which have won contracts to manage tube lines in London, immunity from fines incurred as the result of industrial action, said that the protection was "better than winning the National Lottery" (*Financial Times*, 19<sup>th</sup> July 2002). Although it is clear that the Government, in the event of industrial action, is very likely to do this sort of thing to protect the employers, it is illuminating that Bob

Crow supports this move to reduce the impact of strike action.

Although the unions cannot be trusted to do anything but serve capitalism, this does not mean that workers cannot fight back. They can, but they will have to do so outside and against the unions, organising their own fight. This movement to defend themselves is the first step in the fight for a better world.

Capitalism is only interested in profit, not in satisfying human needs such as decent transport. Only a society which produces in general to satisfy need, will satisfy the particular need for real freedom of movement, which requires free access to the material means of movement. Only communism will truly enable us to enjoy the fruits of the whole of our world.

*EDL*

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# Class Consciousness and Working Class Political Organisations

## Part Six: Spontaneity and Organisation in the Russian Revolution of February 1917

In this part of our series on class consciousness and political organisation we have arrived at the point where all previous ideas about what was and was not "revolutionary class consciousness" reached their greatest test. Here we should perhaps begin with a warning on methodology. We don't look at the experience of the Russian Revolution as something to be learned by rote so we can mechanically repeat it in the future. The history of all previous class struggles tells us that no two events ever follow the same trajectory for the very obvious reason that they take place in different historical circumstances. Equally, the contending classes have before them the experience of that previous struggle, and alter their actions accordingly. In this respect we can be certain of only one thing — the next proletarian revolution will be very different in its origins and development from the Russian revolution of 85 years ago. This does not mean there is nothing to understand from that experience in terms of the development of class consciousness and class political organisation. Just as the Russian working class of 1917 had before it the experiences of the Paris Commune of 1871 and the first Russian Revolution of 1905 we have the experience of 1917 as part of our historic legacy. The key issue is to understand what that legacy actually means for us today. The big questions revolve around how the working class moved from accepting the existing order to a full-scale overthrow of the political system as well as three governments in course of ten months. What role did the previously politically aware workers play in the course of that development of a mass class consciousness and how did the working class establish class-wide organisations which were at total odds with the old ruling class state? But first we will deal with the question of the bourgeoisie's denial

that there was any development of a revolutionary class consciousness at all.

### A Bourgeois Tragedy

After the collapse of the USSR in 1990 you would expect that the bourgeois ideological offensive against the revolution of 1917 would have eased up. Not a bit of it. In fact the reverse was the case. No sooner was the military threat of the Soviet Union consigned to the dustbin of history than a whole new series of revisionist histories by bourgeois writers of all backgrounds were trying to deny any working class character to the events of 1917. All were intent on denying the real proletarian character of the October Revolution. Doyen of them all was the ex-KGB general Dmitri Volkogonov (now deceased) who published two works which claimed to have racy new revelations about how the Russia of Lenin consciously paved the way for the Russia of Stalin. However a reading of the text shows that all this is publisher's froth. The archives have revealed little to alter what we know (at least so far). All Volkogonov did was to give an interpretation that would sell books to Western readers (no point writing for a Russian readership since, apart from the new emerging revolutionary minorities, the whole issue is a yawn for them today). Volkogonov and his ilk have had an enormous influence on academic writing on the Russian Revolution in the West. You can see this by comparing the works of Neil Harding and Robert Service both before and after the fall of the Soviet Union. Both have written extensively (two volumes in Harding's case and three in Service's case) about Lenin's role in the Revolution. These are serious works extensively researched and meticulously evidenced. However in the 1990's both have written smaller books to make sure that we know that they totally disapprove of Lenin.<sup>1</sup>

But not content with denying that the October Revolution was anything other than a coup they have now expanded into denigrating the very appearance of soviets in the February Revolution. This is the aim of Orlando Figes who, in attempting to imitate the gossipy style of Simon Schama in his book on the French Revolution only gives us a good insight into what bourgeois consciousness is. What links the two books is their anti-Marxism. The French Revolution was "good" because it made us all *Citizens* (the title of Schama's work) but the Russian Revolution was *A People's Tragedy* because it wanted to make us all "comrades". For these public schoolboy scribblers there can be no higher human progress beyond the current capitalist society. For them "freedom" means continuing to enjoy the comfortable life of the Cambridge college whose exclusiveness needs to be preserved from the untutored masses.

So bourgeois revisionism has only heaped more on its own mountain of distortions since 1990. The fact is that the bourgeois version of the Russian Revolution insists that there was no revolutionary or class consciousness amongst the Russian working class, but that the weaknesses of both the Russian liberal bourgeoisie and the existing power structures in Russia (which had not established a solid Westminster-style Parliament) had allowed any old band of ruthless adventurers like the Bolsheviks to turn up and pick up the power which lay abandoned in the streets. This is a very ruling class conception. If our masters don't control power then it must be an orphan. Or as Trotsky put it

*Those who lose by a revolution are rarely inclined to call it by its real name.<sup>2</sup>*

The fact that the "spontaneous" uprising of the Russian working class in February 1917 had very sound



material reasons seems only peripheral to their analysis.

### February 1917: Beyond Spontaneity

Here we use the term "spontaneous" carefully. The Tsarina Alexandra wrote to her husband that this was a "hooligan movement" which would die down if only "the Duma would behave itself"! But the movement was anything but hooligan. Even if no organisation planned the revolution it had clear goals which developed from demands for bread into a call for the overthrow of the monarchy and an end to the war. Spontaneous in this sense does not mean disorganised but means that it has no single organisational centre. Lenin was quite happy (in his famous January 1917 lecture to Swiss socialist youth) to state that the 1905 revolution was "spontaneous" but as Trotsky noted in his wide-ranging analysis, *The History of the Russian Revolution*,

*The mystic doctrine of spontaneousness explains nothing. In order correctly to appraise the situation and determine the moment for a blow at the enemy, it was necessary that the masses or their guiding layers should make their examination of historical events and have their criteria for estimating them. In other words it was necessary that there should not be masses in the abstract but masses of Petrograd workers, and Russian workers in general, who had passed through the Revolution of 1905...*

*op.cit.* p169

What Trotsky correctly emphasises is that the "dress rehearsal" of 1905 is absolutely central to the formation of working class consciousness in February 1917. It explains why the actions of the masses in 1917 were so collectively coherent (and, as Lenin noted, went well beyond the hesitant attitudes of the political parties). In a general sense the revolution is only spontaneous in that;

*the history of a revolution is first of all a history of the forcible entrance of the masses into the realm of rulership over their own destiny.*

This revolution however starts off from relatively limited perspectives. It

only moves forward because a new situation has arisen.

*...society does not change its institutions as need arises, the way a mechanic changes his instruments. On the contrary, society actually takes the institutions which hang upon it as a given once and for all. For decades the oppositional criticism is nothing more than a safety valve for mass dissatisfaction, a condition of the stability of the social structure. Such, in principle, for example was the significance acquired by the social-democratic criticism. Entirely exceptional conditions, independent of the will of persons or parties are necessary in order to tear off from discontent the fetters of conservatism and bring the masses to insurrection.*

*op.cit.* pp17-18

In other words, changing circumstances create changed human beings. Here Trotsky is demonstrating his grasp of Marxism. It echoes, in a real historical context, what Marx wrote in *The German Ideology* that "the alteration of human beings on a mass scale ... can only take place in a practical movement, a revolution...".<sup>3</sup> The "entirely exceptional conditions" he speaks of link the Bolshevik party and the revolutionary working class in 1917.

In the long term the Bolsheviks held the view after 1906 that whatever the nature of the coming revolution the working class would have to fight for "a revolutionary democratic dictatorship of the proletariat and peasantry" from the start. They were not hamstrung by the mechanistic theory of the Mensheviks that the proletariat would have to lend its support to the bourgeois to establish a democracy. This meant that the actions of individual Bolsheviks inside the class were always towards pushing forward the struggle of the working class as an independent class. Mensheviks, on the other hand tended to look to their leaders to see what compromises they were making with the "democratic" parties. This comes over in the "personal record" of Sukhanov. Although an Internationalist Menshevik (i.e. a supporter of Martov on the "left" of the Party") he records that he found the Bolsheviks in St Petersburg in the February Revolution rather dreary

and narrow. He arrives at this verdict because they were not willing to go to Gorky's house to coordinate with the other intellectual Social Democrats and "progressive" bourgeois politicians. Sukhanov complains that they did not understand "the bigger picture". All they did was look around for printing presses to get out propaganda to the workers. This is significant because it tells us how the Bolsheviks were already embryonically the party of the class. However they were not yet that but they had also laid down the ground work in the shorter term.

Their key issue here was the war. No other party in the world had come out so clearly against the war as the Bolsheviks. It is their greatest claim to revolutionary leadership in their entire history. Trotsky (who was not then a Bolshevik) points out that on the eve of the First World War Bolshevik influence amongst the working class was at its height. Indeed strike figures for 1913-14 show that Tsarism was facing a wave of strikes like that which preceded the 1905 revolution.<sup>4</sup> The Bolsheviks had been growing in influence. Once war was declared the St Petersburg Committee of the Party issued a leaflet against it. It read

*Comrades, the government and bourgeoisie have sown the wind; they will reap the whirlwind! Nicholas the Bloody ... will be the last Russian Tsar... Revolution is coming. Lets do all we can to make it victorious.*<sup>5</sup>

This brought to the factories of St Petersburg the message that Lenin was already fighting for on the international stage of turning "the imperialist war into a civil war". Of course this was not a way to instant popularity but it did lay down a class position, a banner which would later become a rallying point for the working class. Once war was declared a wave of patriotic fervour had engulfed Russia, like all the other belligerent states. The Bolsheviks declined numerically as the more conservative elements in the working class began to dominate (not least because the war gave the excuse for mass arrests of worker activists).<sup>6</sup> However this was a situation which only lasted until the end of 1915. As the Russian war effort ground to a halt and as the economic impact of the war led to appalling shortages,



the discontent of the masses rose and the Bolsheviks, persecuted, their most experienced leaders in exile in Siberia or abroad, and short of resources were still able to exert a political influence beyond their real organisational strength. This was because they had taken a coherent programmatic stand against the war. Thus when Trotsky answers his own question "Who led the February Revolution?" his lapidary statement,

*Conscious and tempered workers educated for the most part by the party of Lenin.*

doesn't appear quite so metaphysical. He cites various examples of unsung Bolshevik members like the soldier Muralov or the worker Kaiurov who carry out decisive actions at the level of the street in the early days of the February Revolution. Nor do we need to take only Trotsky's word. Orlando Figes, no friend of the proletariat, even concedes that "socialist agitation amongst the working class" was significant in the early hours of the February Revolution in getting striking workers out onto the street. This had begun on International Women's Day (February 23<sup>rd</sup> according to the old calendar), when the usual demonstration was transformed by women strikers marching from the working class Vyborg quarter to the bourgeois Nevsky Prospekt to join it and protest against the bread shortages. On this day the bread ration had been cut for the third time so the shouts for *khleba* (bread) were accompanied with the first cries of *Doloi tsarskoi monarkhii* (Down with Tsarism). Working class agitation continued on February 24<sup>th</sup>

1917 when hundreds of thousands joined the strikes.

*Workers held factory meetings throughout the city and urged on by socialist agitators, resolved to march against the centre. Many armed themselves with knives, spanner, hammers...*<sup>7</sup>

This is also significant because for all the streetfighting and fraternisation with troops that was to take place over the next five days what gave it substance was the collective consciousness which had brought at least half (one police report gave 90%) of the St Petersburg working class out on strike. It gave life to what Lenin had written after the Moscow Uprising of December 1905 that

*... unless the revolution assumes a mass character and affects the troops, there can be no question of a serious struggle.*<sup>8</sup>

Once on strike they met every day at the factory and in these mass assemblies decided to go down to the city centre to demonstrate. No wonder the Tsar's State Council ordered the factories to be locked to deny the workers this collective meeting place. It was also noted by eyewitnesses of all shades of opinion that whereas the early demonstrations had been "good-humoured" and accompanied by people "dressed respectably" this gradually changed on the afternoon of the 23<sup>rd</sup> as the mass movement became more proletarian in character. However, even now, when some Bolsheviks tried to unfurl a banner inscribed with the words *Doloi voyny* (Down with the War) they were set upon and the banner disappeared. Two days later the crowds, faced by

armed troops, were chanting the very same slogan in Znamenskaia Square. It wasn't just desperation then that had transformed the consciousness of the working class but also a sense

that the war had created a new situation different from 1905. In 1905 the Army was still largely the professional Army of the Tsar. The sense of futility of the war had not been so deep in 1905 either. Now (and various eyewitnesses testify to this) as the demonstrators realised that the largely peasant conscript reservists which made up the bulk of the Petrograd garrison were unlikely to shoot they grew more confident. The final key to it was the Cossacks, who had never hesitated in the past to gun down any anti-tsarist demonstrators but the workers were already making attempt to fraternise with them on the very first day of the uprising. Emboldened individuals, often women but also men would go up to soldiers, seize the barrel of their gun and beg them to turn it the other way. There is no record of any of these appeals failing.<sup>9</sup> Once the Cossacks made it clear that they were only standing in line and not really attacking the demonstrators the regime's last bastion was the police. Although some soldiers in some regiments had shot down strikers early in the revolution, it was the fighting between the police and the other soldiers that led to most of the casualties. Once the Cossacks (at the request of the Bolshevik worker Katuyrov) killed Constable Krylov, a top police officer in the act of ordering his forces to shoot on a crowd in Znamenskaia Square<sup>10</sup> the last hesitation of the mass movement ended. The revolution was in full swing. Although some regiments were still slow to come over to the workers, and there were exchanges of gunfire within and between regiments, the numbers on the streets increased. Red flags began to appear everywhere. What for years had been mere ideas put forward by revolutionary minorities were now taking on a practical dimension.

Nowhere was this clearer than the question of what was to replace Tsarism. The bourgeoisie had watched with horror as the working class and the peasant army reservists had wiped away centuries of autocracy whilst they themselves had done nothing. However the more energetic amongst them (especially those in labour organisations like Kerensky) realised some response was needed if the "underclass" were to be prevented from taking over. This is the key point in any

## Last Issue: **Revolutionary Perspectives 25**

**Fascism Reinforces Democratic Illusions;  
Palestine: Nationalism against the Workers;  
PO Workers Fight Back; Italian General  
Strike; Council Housing; Consciousness (5):  
Lenin, Luxemburg; The Death of Little Steel;  
Zimbabwe and Western Imperialism;  
Venezuela: the Chávez Con; Afghanistan and  
US Imperialism's Advance**

revolution. Workers can do the fighting and the dying on the streets but unless they know what they want they are likely to be stitched up by one or other capitalist faction. This was clearly illustrated in more recent times in Poland when the shipyard workers of Gdansk started the movement to overthrow the Stalinist apparatus in Poland. Lacking an independent class perspective of their own (since they were workers overthrowing a supposed "workers' state") they succumbed to the leadership of reactionary Catholicism in the shape of Lech Walesa's Solidarity movement, itself maintained by CIA finance. This illustrates the limits of a movement which can, with practical steps, demolish a hated regime but which without its own programmatic perspective cannot create a new society. This programmatic perspective has to be posed in advance within the working class by those workers who understand that a change of leadership is not enough to make a revolution. In Russia the Social Democratic movement had been doing this and had this made a vital contribution to the February Revolution. But, once the Tsar had gone, the acid test would be in the nature of what followed. It was a testimony to the strength of the class movement in Petrograd that the bourgeoisie did not get things all their own way. When Kerensky and his pals in the Socialist Revolutionary Party were prepared to sit with conservative Duma members like Shingarev and Milyukov to create a Provisional Government, the workers and soldiers who had done the fighting also demanded their own organisations. As Trotsky said this was not just any old proletariat this was the same Russian proletariat who had recently experienced the 1905 Revolution. In some respects they did not need to wait for their political minorities to remind them of 1905 as it was still relatively fresh in their collective consciousness. That is why, when the Bolsheviks put out a leaflet on February 27<sup>th</sup> calling for elections to the Soviets, they were echoing resolutions already made by cooperative organisations, the Mensheviks and workers on the factory floor calling for the Soviets to take power.

### Soviets without Communism

The actual decision to revive the 1905 Soviet seems to have arisen when the crowds on the Vyborg side (the working class district around the Finland Station) decided to free the prisoners in the Kresty (Crosses) Prison. Amongst these was the Menshevik first President of the 1905 Soviet, Khrustalev-Nosar. The Mensheviks led the way in forming the new Soviet and linked it with the Tsarist War Industries Committees which were led by Gvozdev, another Menshevik (as they were designed to improve war production the Bolsheviks had led a successful boycott campaign against them). At this point many histories make the point that the Bolsheviks had seemingly played little overt part in the Revolution. Were several reasons for this. Like all other parties they had not expected the revolution and were even cautioning women strikers not to get isolated on February 24<sup>th</sup>. The first Bolshevik leaflet calling for a general strike only hit the streets on the 26<sup>th</sup> (by which time hundreds of thousands were already out!). The Bolshevik leadership in St Petersburg was undoubtedly weak (the St Petersburg Committee was so decimated by arrests that the Vyborg committee was given its role). However the Bolsheviks were not idle. As we have seen individual Bolsheviks were with the workers on the streets and often took the initiative in giving an informal lead when it was required. The Bolsheviks did not go to the Tauride Palace to be present at the setting up of the Provisional Government and the Soviet because they regarded this as all in the realm of the bourgeoisie and were thus caught out by the re-establishment of the Petrograd Soviet).

Figes scoffs at the revival of the Soviet pointing out accurately enough that its original executive was made up of intellectuals who represented the political parties (even the Bolsheviks were allocated two seats on it). What he does not explain (because it undermines his basic argument that this was an illegitimate power) is that this was only the beginning of the process. Very soon every regiment would be electing its own delegates. These delegates were not the articulate intellectuals who formed the provisional executive but people

whose voice had rarely ever been heard in history. Sukhanov gives a vivid picture of their "artless"<sup>11</sup> entry onto the stage of history.

*We had a meeting.. We have been told to say ... The officers hid... To join the Soviet of Workers' Deputies... They told us to say that we refuse to serve against the people any more, we're going to join with our brother-workers, all united to defend the people's cause... We would lay down our lives for that ... Our general meeting told us to greet you ... Long live the revolution!...*

*It was there and then proposed, and approved with storms of applause – to fuse together the revolutionary army and the proletariat of the capital and create a united organisation to be called from then on the "Soviet of Workers' and Soldiers' Deputies..."*

Many factories already had elected delegates to the Soviet. At the same time, unlike in 1905 the soviet movement spread rapidly to the provinces.<sup>12</sup> Within a fortnight there were 77 other soviets in cities and towns around Russia. There is much to comment on here. In the first place the soviet or workers' council represents the historically discovered form of the proletarian transformation of society. If proletarian revolution can only be carried out "by the immense majority" it has to have a totally different form of organisation to bourgeois society. In bourgeois society parliamentarism represents the class form of their rule. It creates the illusion of mass rule, of democracy but in actual fact depends on the passivity of the citizens. They get to vote once every four or five years for representatives who then have the total freedom to do as they like with their so-called "democratic mandate". The citizens cannot object and indeed any strike or other form of direct action to object to a policy comes up against the argument that the democratically elected representatives have the only legitimate authority. Note the difference with the soviet. The soldiers' delegates repeatedly state "we have been told to say" or "our general meeting stated". These are delegates. They have a direct mandate. They don't vote how they like but how they were told to vote by their workers' or regimental



assembly. If they don't they can be instantly recalled and replaced. Bourgeois theorists constantly tell us that this sort of direct democracy is impractical but the whole experience of 1917 demonstrates the opposite. This democracy is not subject to bribery of individuals and controlled only by the electors – but then that's why the bourgeoisie hate it and why they get their hack writers to denigrate it. Up until now there has been nothing more effective in allowing the mass of the population to directly participate in "government".

What does this tell us about class consciousness and political organisation? First that in a practical movement like a revolution the working class will re-create (even in slightly amended form) organs that they have already experimented with in the past. Second, that even the best proletarian party can be left behind by events. Lenin had no qualms about telling the world that the working class as a whole were infinitely more revolutionary than any political party (including the Bolsheviks). However this is not the end of the story. The real issue is how does that party respond to the new situation. All the evidence is that the working class members of the Bolshevik party acquitted themselves well in the turmoil of February. Less impressive were the so-called leaders. If Shlyapnikov and company vacillated in late February they at least stuck to the revolutionary defeatist policy which characterised the Bolsheviks throughout the war. But when they were replaced by "Old" Bolsheviks like Stalin, Muranov and Kamenev, newly released from Siberian exile, the picture became blurred. The new threesome took over *Pravda* and began writing about the need to support the Provisional Government. Kamenev even wrote that the war must go on until the Germans had been pushed out of Russia. Lenin's irritation and anger about this is well-known. Less well-known is the perplexed reaction of the rank and file who had defended the revolutionary defeatist position throughout the war. Whilst Lenin's *April Theses* were a bombshell to some of the Bolshevik leadership they were welcomed as a restatement of Bolshevik clarity in the factories. All the indications are that this confusion was too short to

be critical but it also illustrates that the Bolshevik Party was not the rigidly disciplined organisation which Stalinist legend has made it out to be. What we have tried to show here is that its strengths were that it had a clear revolutionary political orientation and that it was a distinct part of working class life in advance of the revolution. These were to be critical factors in the development of a revolutionary party in 1917. And this forms the next focus of our study. It is one thing for the working class to create class wide organs which actually carry out the transformation of society but these organs cannot do this as long as they are dominated by political programmes which call for class collaboration with the dominant class.

### Soviets with Communists?

From the beginning of May the distinction between the Bolsheviks and the other political parties became sharper. This was critical to the future development of the revolution. It is one thing for the working class to overthrow a regime, even to establish class wide organisations but it is another to make these organs of revolutionary transformation. As we saw in the last part of this text the soviets in the German revolution were always dominated by the Social Democrats who simply got them to vote for the bourgeois option of a parliamentary regime. In Russia history took a different course largely (as we argued in the previous issue) because there was a preparation of the working class for the next and decisive step. The Bolshevik refusal to accept the compromise of Dual Power, their refusal to accept that the Revolution was now over as a parliamentary regime had been established, meant that they set out an alternative for the working class. As the material situation shifted, as the hopes for a "democratic peace" faded the Bolsheviks were the only party who constantly called for "All Power to the Soviets". In 1917 the class struggle did not reach a peak in February – in February it had barely started. Once the Tsar was out of the way the bourgeois Provisional Government was face to face with workers and soldiers Soviets. The only party which was not compromised by being represented in the Provisional Government as well as in the Soviets was the Bolsheviks. The Soviets under Menshevik and

SR leadership straddled the two and got the Soviet to agree to support the Provisional Government. In practice the workers and soldiers were supporting decrees of the Soviet which undermined bourgeois rule (such as the orders on military discipline where officers were no longer allowed to address soldiers as *ty*, a disrespectful form of "you", or more seriously officers had to listen to elected committees). Dual Power then was always an uneasy compromise. Real power always lay with the Soviet but the Soviet did not use it. However once it was clear that the *Kadet* Foreign Minister (and strong man of the bourgeois regime) Milyukov wanted to follow the Tsar's policy of annexation of territory the Soviet demanded his resignation. This was followed by the disastrous June Offensive which confirmed that a war to victory was a distant chimera. This was the pivotal point at which the 1917 Revolution turned. The Bolsheviks continued principled opposition to the war was not to make its programme the only alternative for the Russian working class. The relationship between party and class in the later part of 1917 is what we will turn to in the next part of this series.

### Notes

- 1 Harding's *Lenin's Political Thought* was reviewed in *Revolutionary Perspectives* 23. Second Series. His later work *Leninism* was reviewed in *RP4* (this series). Service wrote *Lenin: A Political Life* [3 Vols. 1985-95] and then *Lenin: A Biography* in 2000. The former is hardly sympathetic to Lenin but the latter introduces us to his subject by listing the evils of Stalinism, but does not mention Stalin once, and claims the whole history of the USSR is Lenin's legacy!
- 2 *The History of the Russian Revolution*. Pluto Press [1977] p. 155.
- 3 For the full discussion on this see Part 2 of this series *How Working Class Consciousness Develops* in *Revolutionary Perspectives* 22 (this series).
- 4 See S.A. Smith *Red Petrograd* (Cambridge 1990)
- 5 Quoted in E.N. Burdzhakov *Russia's Second Revolution*. Indiana University Press, [1987] p. 15.
- 6 *The History of the Russian Revolution*, Pluto Press [1977] p. 165.
- 7 *A People's Tragedy* (Pimlico 1997) p. 308.
- 8 *Lessons of the Moscow Uprising* in V.I. Lenin *Selected Works* Vol. 1 [Moscow 1977] p. 530.
- 9 E.N. Burdzhakov *Russia's Second Revolution*. Indiana University Press, [1987] p. 131.
- 10 See *Black Night, White Snow* Harrison Salisbury, Cassell, [1977] p. 343.
- 11 N.N. Sukhanov (Himmer) *The Russian Revolution 1917: A Personal Record*, Princeton, [1984] The description and quotation which follows are from p. 61.
- 12 Before anyone objects that the first actual soviet in 1905 was in the textile town of Ivanovo-Vosnessensk we mean here that the soviet movement was confined to 4 or 5 places in 1905. In 1917 it began to spread from the very beginning.

# Immigration

## The needs of European capitalism and the suffering of immigrants

Since September 11<sup>th</sup> the state campaign against immigrants and refugees across Europe and the US has been stepped up. Recently there has been a further escalation of these attacks in the months leading up to the European summit at Seville in June, where a programme of action on illegal immigrants was supposed to be agreed. One group of leaders, who include Blair together with Berlusconi from Italy and Aznar of Spain, proposed stopping all aid to states not preventing their citizens attempting to emigrate illegally to the EU. This proposal was defeated by, amongst others, Chirac of France, proving the leaders of European capitalism are divided on this issue. In its place a general agreement to cooperate in limiting illegal immigration was made. This has led to the British home secretary, Blunkett persuading the French government to agree to close the Sangatte refugee camp, on the French side of the channel tunnel, in March 2003.

In the UK the Labour government has followed up its repressive 1999 "Immigration and Asylum Act" with an additional series of measures which extend its attacks on immigrants and refugees. These measures include:

- dispersal of asylum seekers throughout the country
- detention centres in which immigrants and asylum seekers are confined like criminals. (50 000 people are now confined in these centres annually.)
- repatriation before any appeal can be made for those refused asylum. (The 1999 act already abolished the right of appeal against deportation.)
- separate education for children of asylum seekers to prevent any integration of families seeking refuge with British workers.
- withdrawal of the asylum seekers right to work if the application takes more than 6 months to process. (Sometimes applications can take between 5 and 10 years to process!)
- English tests for would-be immigrants and oaths of allegiance are at present being considered.

These measures, which have been designed to keep the issue of immigration on the boil, are clearly related to the success of the right wing bourgeois parties in the recent elections around Europe. These successes from Haider's FPÖ in Austria to Le Pen in France, Liste Pim Fortuyn's party in Holland and the 3 council seats won by the British National Party in Burnley, have been trumpeted in the bourgeois press. The Labour government has, without doubt, imposed these measures to

head off criticism from the far right parties with an eye on future elections. The leftist parties, in turn, have branded the Labour party as racist. Although the Labour party is, of course, racist, as are all bourgeois parties, the truth is that it is simply responding to the needs of capitalism and in doing this it reflects the contradictory nature of these needs. On the one hand European capitalism needs immigrant workers, on the other it needs to keep the working class divided to control class struggle.

### European capitalism and immigrant workers<sup>(1)</sup>

Immigration policies generally express the needs of capitalism. In

the period following World War 2, for example, European capitalism needed additional workers for reconstructing itself. While the economy was expanding workers from southern Europe, the Indian subcontinent and, in the case of the UK, the Caribbean were brought into Europe as fast as capitalism needed them. In the UK roughly 1.2 million workers were brought in the decades of the 50s and 60s. The start of the economic crisis in the early 70s brought this process to an end. In the UK the 1971 Immigration Act ended all primary immigration and in many of the European countries so-called "guest workers" were sent home. However, with the partial recovery of the labour market in the late 1980's and 1990's, the European economy required a fresh flow of immigrant workers. The reasons for this are to be found in the capitalist crisis itself and the particular demographic problems in Europe.

Capitalism worldwide is suffering from falling profit rates. One of the most effective ways this can be offset is to lower the cost which capitalists pay for labour power. The most obvious way in which this has been done during the last 2 decades has been to export capital to areas where workers' pay is miserable and living conditions are atrocious. This has resulted in much of manufacturing being relocated outside the capitalist heartlands in peripheral countries, for example, Southeast Asia. However, this is not possible with all industries, particularly services, utilities, construction etc. which must remain within the capitalist heartlands. For these industries the capitalists need to bring workers to the location of the factories, services, building sites etc. During the 80s and 90s European capitalism needed more workers, particularly skilled workers but also unskilled. It also needed to keep wages down. Immigrant workers brought into the EU will generally be paid less than native workers and therefore exert a constant downward pressure on wages. This will allow the fall in profit rates to be slowed and European capital to continue to compete on the world market.

## INTERNATIONALIST NOTES

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A further problem for European capital, which is a particular one, is the decline in the birth rate of European workers and its ageing workforce. By 2015 20% of the European population will be over 65 years old! It is calculated that the EU population will stabilise at approximately 305 million in 2005 and will decline thereafter. Put bluntly there are not going to be enough workers to do the work and provide the surplus some of which will be used for the older members of society to live on. The major European states now claim they will not be able to fund pensions after 2015. The obvious solution is to increase immigration, and this is now openly called for by some members of the capitalist class,

*Europe's economies cannot continue to grow and provide generous social services without a steady flow of immigrants.<sup>(2)</sup>*

In fact European capital has been achieving a steady flow of immigrants despite legislation prohibiting this but this stream is not nearly large enough. Workers have been coming as secondary immigrants, i.e. relatives or dependants of those already here and as refugees. Over the last 10 years the average annual number of refugees seeking asylum in the EU has been 374 000. During the last 5 years an average of 700 000 people per year have moved into the EU and at present there are 13 million non-EU citizens working and living in the EU<sup>(3)</sup>. This is merely the number of those who are here legally. Such a vast number of people could not possibly be working in the EU if European capital did not require them to be here. It is calculated, for example, that half the miners and refuse workers in Germany are immigrants. The German City of Stuttgart has stated that its public transport, its schools and its nurseries would collapse without immigrant workers.<sup>(4)</sup> A similar collapse would occur in the UK National Health Service if immigrant workers were removed. The extension of the EU into the former eastern bloc countries is aimed at providing further numbers of skilled and fit workers but this is still some years off.

The number of legal workers entering the EU is, however, insufficient for

the needs of capital and many workers enter illegally. Workers who have come illegally do not appear on statistics, pay taxes or receive any benefits. These immigrants obviously serve the same purpose for capital as the legal ones in that they cheapen labour power. However, since they are here illegally and have no rights whatsoever, wages can be even lower, safety and welfare legislation ignored, and workers threatened with deportation if they complain. Illegal migrants tend to fill jobs in the labour intensive sectors of the economy such as agriculture, particularly in southern Europe, catering, construction etc. It is estimated that between 300 000 and 500 000 such immigrants come to the EU every year.<sup>(5)</sup> Over the last decade the number of illegal migrants to the EU must have amounted to between 3 and 5 million people! The utter hypocrisy of the capitalist class is shown by the delight they take in exploiting the most wretched and defenceless sections of the working class and pocketing the profits, while at the same time crying crocodile tears over their mistreatment by immoral "people smugglers," namely their agents who bring them here. Similarly the supposed horror expressed by the bourgeois press at the inevitable deaths by drowning or suffocation in containers etc. which occurs as migrants try to reach Europe is nothing but humbug. It also needs to be remembered that many of the migrants trying to reach Europe to sell their labour power, have had their previous means of living destroyed by wars or disasters directly caused by the major imperialist powers themselves, e.g. Afghanistan, Kurdistan, Palestine, Yugoslavia, Central Africa etc.

European capitalists are, however, ambivalent about the illegal migrants. While the more labour intensive industries are happy to use them, the more advanced sections are not. A European commission report published in May, for example, complains that illegal immigration is actually damaging the EU economy as cheap labour was allowing sections of the economy to avoid restructuring and becoming more capital intensive. A section of European capital is now openly advocating making this illegal flow of immigrants legal, and managing it in a centralised way from Brussels. The

present system is too inefficient because it delivers people at random, only some of whom are the ones European capital wants to exploit. They wish to introduce a system of screening of would-be immigrants so that the skilled and healthy are allowed in while the others are sent home. In advocating this, however, these sections of the bourgeoisie encounter the other primary need of the ruling class, to divide the working class in order to be able to rule over it.

### Divide and rule

While European capital needs immigrant workers it also needs to keep the working class divided to prevent them uniting and fighting for their common interests. On the one hand, the operation of the capitalist system is drawing workers from all parts of the world into socialised production and thereby subjecting them to similar conditions and practically uniting them. On the other hand the capitalist class preaches xenophobia, chauvinism, racism, sectarianism and hatred, and maintains sufficient pay differentials and differences in living conditions to make the more privileged workers fear their poorer class brothers. When the economic cycle turns to recession and workers are thrown out of work these ideologies and divisions are used to explain the hard times. All the evils of capitalism are blamed on immigrants and the discontent of workers is deflected from the real enemy, which is the bourgeois class, and the real cause, which is capitalism itself.

The immediate division of the working class into native and immigrant and the further division of the immigrants into legal and illegal is therefore highly useful. The state can attack one group at a time. While they use their police and immigration services to physically attack and round up workers their politicians stoke up the fires of nationalism and race hatred. This was the tactic used in the early 70s, which brought in its wake the rise of right wing bourgeois forces like the National Front in Britain. The main racist attack is, however, always carried out by the state machinery and the thugs of the right such as the neo-nazis are at best minor auxiliaries. It is for this reason that the states of the EU are reluctant to give up national control

of immigration and always have their nationalist and racist ideologies primed for use.

The Labour Party perfectly expresses this dilemma. Some sectors of it fear the disruption that racial tension can cause, while other parts (and, when Labour is in power, the most vocal parts) actively stir up racial hatred. In all this the Labour government is simply reflecting the contradictory needs of capitalism, which, of course, is all it has ever done since its foundation.

### Communists and Immigrants

The working class is, in reality, a class of migrants who own nothing but their labour power. They are the dispossessed of history who have no alternative but to find a means and a place to sell their labour power. The alternative is starvation. Workers who travel between countries and continents are simply expressing the essence of the working class, namely that "Workers have no country". The countries and nations to which workers are told they belong are in fact the countries of the bourgeois class. They are the countries where the bulk of their capital is located together with the state which defends this capital. Just as the working class has no interest in defending the capital, which exploits

it, it has no interest in preserving the states, which protect this capital. The working class stands for the abolition of all countries and all nation states.

The appalling treatment of migrant workers at the start of the 21st century is a ringing indictment of the capitalist system. It shows the dreadful barbarity of the system and the utter cynicism of those who control it. It shows also that fundamentally capitalism remains the same as it was 150 years ago when it was analysed by Marx. The deprivation, indignity and misery it inflicts on the working class is now on a global scale and affects more people than ever before.

Communists support free movement of the working class since this can only produce greater unity and purpose in our class. Historically migrant workers have carried revolutionary ideas with them, either bringing them as they fled persecution in their native lands or assimilating these ideas from workers in the lands which gave them refuge. Such migrant workers gave the early organisations of the working class their international character. Free movement of workers today can only assist international organisation and internationalising the consciousness of the working class. It will bring

nearer the day when this international class throws off its chains and undertakes the task of building a communist world.

CP

### Notes

- 1 Immigration of the bourgeoisie and petit bourgeoisie is not considered in this text. Anyone bringing sufficient capital is welcomed into Europe.
  - 2 See *Financial Times* 13/05/02 "No room for the Intolerant". Quentin Peel.
  - 3 See *Financial Times* 11/06/02
  - 4 See "Thinking the unthinkable" N Harris published by I.B. Tauris.
  - 5 See "Managing Migration". Bimal Gosh. Oxford University Press.
- Equivalent numbers of illegal immigrants into the US are 250 000 to 300 000 annually.

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*Magazine of the Communist Workers' Organisation*

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The following article has been translated from Prometeo, the theoretical magazine of our Italian comrades in the IBRP, the *Partito Comunista Internazionale (Battaglia Comunista)*. Note that \$1 is approximately 2600 Colombian pesos.

# The Colombian Debt: a Manifestation of the International Crisis

In the last ten years, the Colombian government has tripled its debt without this meaning the modification of its infrastructure or even the minimum improvement in the general standard of living of the population. In the meeting of the *Banco Americano de Desarrollo* (American Bank for Development) held in the second week of March, it emerged that the *per capita* income in Colombia had increased by less than 5% in the preceding 10 years, while in Argentina, Costa Rica, Brazil and Bolivia it had increased by between 17 and 27%<sup>1</sup>. The population and its labour-power, compulsorily placed under duress by the banks, have been given up as security. In the capitalist economy, the boss class and its state impose on each member of society a share of this class's infamy: without having ever entered a loan agreement and having paid all their dues, all the inhabitants of the country — from the newborn baby, through the poverty-stricken who wouldn't even recognise a 10 000 pesos note, through the austere family father who has never been in debt, up to the financial agent who has had tens of millions of dollars in state transfers — all owe the international banking system thousand of dollars and the interest accruing. Those who have to cover the debt with their own bodies are not the ridiculously small 2% of the population who are the sole concrete and direct beneficiaries of the debt, but the 76% who know nothing but super-exploitation, the state's bullets, unemployment and the pitiless usury of the bankers and businessmen. Without ever knowing the benefits and services promised when the rulers contracted the debt, without ever having visited the streets of Paris, New York, Tokyo, Madrid or London, every inhabitant of this country is a debtor.

*While the benefits of the prosperity based on the debt are enjoyed by very few, the sacrifices connected to the debt — and to the war, which today is extending across*

*this martyred territory — are imposed on the whole society.*<sup>2</sup>

In this context, the left operates as the reasonable alternative to the bankrupt neo-liberal administration and the IMF/World Bank. Through inertia, its present functionaries always limit themselves to explaining to the avaricious bourgeoisie the paradoxes of its present situation: although to practice an economic and social policy a fiscal balance is necessary, seeking fiscal balance on the basis of spending cuts and tax increases, totally excluding a debt moratorium and the use of a fraction of the expenditure to stimulate growth and the aggregate demand, is utopian. For the left, capitalism is not just economics, but politics: the government's measures should not just aim at healthy money and a fiscal balance, but also at growth and employment. The left has grown hoarse in shouting for a Keynesian solution to the crisis, consisting of raising aggregate demand and assigning to saving and investment the role of the fundamental motor for growth. Its formula consists of the injection of extraordinary resources into sectors which have a great capacity to generate employment, through the normal mechanisms of public and private investment, without excesses which could exacerbate inflationary pressures. The left threatens capitalism's orthodoxy with anarchy by stirring up the spectre of revolution, if capitalism doesn't listen to the left's theses for containing this anarchy.

## The debt and social policy

The component parts of the debt should be called pauperisation credits. If the government successfully completes the socialisation of the debt, the recipes of the IMF will be repeated, which consist of robustly achieving a stabilisation from the fiscal point of view and its consequent structural reforms<sup>3</sup>. This means deepening the liberalisation of business, the deregulation of the banking sector,

the privatisation of state concerns, the reduction of taxes on capital, etc., and increasing the tax burden on wages and consumption. In addition to all this, the reform of pensions is proposed [in a country which is not experiencing demographic aging, or, at least, not to the same extent as in Europe — editorial note], as well as an increase in deductions for social security and a new order in public services (water, gas, electricity, etc.) which guarantees monopoly profits. Overall, these measures belong to the oligopolistic structure of capital on the local level and the subordination of economic processes to the mechanisms of "financialised" capital on a planetary scale. The direction of capital's political economy clearly shows that national administrations do not set themselves the task of maintaining a level of demand adequate to best utilise the capacity of the economy and to orient it towards the aims of "full employment", but to guarantee the speculative income of capital. The repercussions of this are visible and are present in all the relations of economic institutions: loss of wages' purchasing power, dearer and reduced public services and growth in the percentage of absolute misery.

The Colombian economy is tending to go more and more downhill, the unemployment rate of 20.4% and the under-employment rate (part-time working) of 31% are tending to increase, the construction industry is at rock-bottom and the fundamental statistics for consumption betray a profound depression in the internal market. Many interpret the present economic situation as a result of a lack of liquid capital, which is presumed to originate from private spending insufficient to utilise the available productive capacity. This forgets the profound motive for the reluctance of individuals and companies in increasing their spending, no matter how much money they have and despite the conventional monetary policies which, as is happening in Colombia,

and despite registering annual increases of up to 35% of the means of payment, achieve no stimulating effect.

Other bourgeois analysts admit that the recession is not due to accidental factors, but deny its international character and maintain the anachronistic distinction between an "internal crisis" and an "external crisis", which is far from conceptually representing the present structure of capitalism. They attribute the right cause to its effects: the reduction of the aggregate demand, which determined the policy of high rates of interest, retrospectively revised; to the indirect taxes; to the fixing of wages below the expected rate of inflation; to the reduction of public spending in general and, in particular, of social spending, all with the aim of drastically reducing the fiscal deficit. They did not see this combination of phenomena — all stemming from the outside, so far as they referred exclusively to the field of pure consumption (effective demand) or to government policy — as part of the financialisation of the economy. The final cause of these phenomena and these measures lies in the crisis of the cycle of accumulation of capital on the world scale, within the international circuit of reproduction.

Nevertheless, the country's credit rating is described as "negative"<sup>4</sup>. Despite the IMF guarantee, the capacity of the state and the economy to pay is doubtful. Considering that the value of the deficit is 4.6% of the gross national product as predicted by the government, many are alarmed by the growth of the debt being considerably greater than that of the economy. According to a parliamentary paper

*the ratio between the central government debt and the GNP increased by 212% between 1994 and 1999. In 2001, the internal debt increased by 13% in real terms. In its turn, the external debt was augmented by 18% in real terms, which means it increased at a rate 12 times that of the GNP.*

This rate of indebtedness is unsustainable. A figure which grows at 18% will double in four years. If this dynamic is maintained, the external debt will be unmanageable in the short-term and will end in a financial collapse. Regarding the

calculation of the gross government debt — including departmental organisations — there are discrepancies between the government's supervisory organisations. Which the so-called Council for Fiscal Policy (Confis) says the debt amounts to 58% of GNP, 110 trillion pesos, the Contralor General de la Republica (CGR) indicates that it has reached 68% of GNP.

The vertiginous increase in the debt in recent years, destined in large part to cover current expenses, has led to comparisons between the fiscal situations of Colombia and Argentina, although the ratio between the national debt and the GNP of the latter reached 46% at the end of 2001, much lower than in Colombia's case. In fact, despite the fact that there has been an adjustment, the national debt continues to show a tendency to increase. The essential point is that the state returns to contract new credits — which means more debt — in order to pay the debt; in this way, the dynamic generated by the government's needs ensures that the weight of the debt becomes ever greater for the government itself. For example, this year the government must obtain \$300mn in treasury bonds to satisfy external finance, and, in this regard, the Finance Minister is preparing to contract a tied loan of \$250mn. The background to this situation is to be sought in the disequilibria in the budget and the balance of payments, as well as in the historical accumulation of a debt of 5% of the GNP. Amongst other things, the increase of the debt implies that the interest payments grow more quickly than they are amortised, sharpening the middle-term difficulties and swallowing the greater part of the resources. According to Mauro Leos, of the North American risk assessors Moody's, in his interview with the *El Tiempo* newspaper, 7<sup>th</sup> April 2002, Colombia "has the highest relative debt and debt payments".

A CGR study shows that Colombia has transformed itself into a net exporter of capital over the last two years. Which means that the resources that the country receives in the form of new loans is less, by \$300mn, than what it pays in interest and to pay off old loans. This year, for example, the nation turned over

\$2864mn to external creditors, and it is expected that a similar amount will be borrowed. "This year the government will receive from external creditors financial resources equal to the payments of interest and amortisation. For this reason, external credits will not be covered by printing money", according to the declaration of the director of Public Credit for the Ministry of Finance.

However, it is not just the external debt which cause the torment, but the internal one too. The government owes the banks, through the so-called Treasury Titlse (TES) the fine sum of 61 trillion pesos of gross debt. A striking proof of the narrow straits in which the state finds itself in honouring its creditors is the plan for re-contracting the debt, which consists in the exchange of titles which are nearly due for ones with a much longer term. "In this way it succeeded in postponing the payment of \$500mn to internal investors. The same thing was being prepared for external investors, but the attack of 11<sup>th</sup> September on New York reduced this opportunity for the Finance Ministry"<sup>5</sup>.

The risk is so distressing that the Confis admits that the state is breathlessly searching for money in the form of loans with the sole objective of paying the debts which are due. The CGR and other private and public entities are warning that the situation is unsustainable. This year, the government will have to pay off capital sums and interest relating to the internal and external public debt amounting to 23 trillion pesos, or 1.9 trillion pesos per month.

### **At the gates of financial collapse**

The opinion of Confis is that, to avoid arriving at situation of moratorium like Argentina, with the risk that all the doors of the international banking system shut, it is necessary to avoid the debt assuming dangerous levels. According to it, "the national finances must begin to arrive at a gap in the budget of between 1% and 3.5% of GNP from the start of next year. And the economy must grow at 4.5% in real terms"<sup>6</sup>. But the economic "growth" of 1.5% registered last year is anaemic. To have a perspective in capitalist terms, it is indispensable that a country increments its total production with a



rhythm at least equal to demographic growth. When production increases at a rate inferior to that of the population, as happened in 2001, a fall in the *pro capita* production is registered, which is a euphemism for pauperisation. The big problem is that the state, given the present situation, is able to contribute very little to this situation, neither in terms of the budget, nor in terms of growth in the GNP. Because of the great size of the outgoings in capital and interest payments which contribute to the budget, and because of the severe controls on spending, state investment has noticeably declined. This year, the outgoings for investment in the National General Budget<sup>7</sup> just reach 9.9 trillion pesos, in comparison to the 23 trillion destined to cover the debt. Of this 9.9 trillion, they are preparing to cut at least 2 trillion to use on military spending. At the first sign of increases in the spending caused by the war and the consequent deficit, the investors and the markets react by speculating on the titles of the internal public debt — the interest rates on the TES have increased by 170 points (i.e., 1.7%) — and national treasury bonds (which are due in 2012) are beginning to trade abroad at 92% of their nominal value, or even lower. This meant a loss of between \$85 000 and \$90 000 for every million dollars invested. Taking the increase in the country's risk premium, external investors began to sell their Colombian titles. Just a week after the government's declaration of war, these titles suffered a loss of 4%. On the other hand, the pressure of the debt obliged the government to adopt counterproductive measures to rectify the deficit. In its intention to decelerate the growth of the debt, the principal rescue mechanism which is left to the government consists of augmenting the price of public services, but doing this, in its turn, obstructs the desired economic growth and lowers competitiveness. In respect to this, various initiatives have been proposed: printing new "war bonds", resorting to the constitutional mechanism of an "economic and social emergency", which would allow the government to resort to the credits of the bank of issue (i.e., to print money), which is presently prohibited by the constitution, or, following the recommendations of the IMF, to obtain from Congress the

extraordinary resources needed, to avoid emergency measures which could endanger the fiscal adjustment.

In the public service sector, they are implementing a system of charges which allows the bodies to put into effect increases in charges above inflation. It is a system which in fact constrains the lowest social sectors to suffer the greatest part of the cost of the service, without considering that they pay a greater proportion of their income for the service. This is one of the reasons why the price index for these social strata grows more quickly than that for higher social strata. By this policy, they wish to reduce even more the "returns" of labour with respect to capital and to obtain a monopolistic profit at the expense of the creation of real wealth. In March, the so-called Commission for the Regulation of Energy (CREG) proposed establishing of energy tariffs allowing the energy firms to obtain a return of 12–14%.<sup>8</sup> It is well-known that the make-up of these concerns means that they have an extremely high organic composition, which translates into a low physical profitability. In normal circumstances, they are not in a position to operate with industrial and commercial rates of return. In fact, the levels of returns indicated for the CREG can only be obtained through monopolistic procedures aimed at setting prices at an exorbitant level and obtaining large speculative gains. The best example of this is at present given by Codensa. The present profitability of this concern bumps along between 2% and 3%. Its managers demand that, in order to continue to operate in the country they need to be guaranteed higher returns. It is not at all surprising that its plans to improve its books are not aimed at elevating productivity or reducing costs, but at lowering the firm's capital to 1.2bn pesos. The complementary action of the government comes from the government, which has announced an increase in energy prices of 25%. In both cases, it is a question of artificial mechanisms which push up the profitability of the firms' capital at the cost of the general decline in workers' wages, through the augmentation of tariffs above the rate of inflation and the market valuation, and replacing capital by credits at rates lower than the profitability

established by CREG. In fact, the firms are enabled to obtain large profit margins with a reduced capital. This practice implies a high cost for the economy as a whole and for the waged population: the increase of the tariffs beyond the rate of inflation means reductions in real wages.<sup>9</sup> Moreover, the de-capitalisation of concerns to return capital to its origin causes a fall in internal saving: the capitals which are withdrawn are replaced by internal or external credits which could have been used for other purposes.

The government's political principals in facing the debt apply to the budget deficit. In this regard, the solutions found can be summed up as being the adoption of measures which reduce expenditure and those which generate new income. The Colombian state's problem is that, although it has successfully increased its income through excise and revenue reform (increasing it by a further two points of the GNP), at the same time it has increased its expenditure. For all that the annual rate of growth of acquisition of public debt has been reduced in the last two years from 26% to 7%, the increase in the obligations to international creditors has progressed geometrically. It is so great that the remittance for the payment of public debt and interest thereon underwent a jump from 528bn pesos in 1990 to 1.5 trillion in 1993; afterwards, it reached 7.1 trillion in 1997 and doubled to 15.3 trillion in 2000. This year it will leap to 23 trillion. In addition, but by no means is this all, the economic recession is seriously hindering the government's new projects for fiscal adjustment. Any adjustment necessarily implies a negative social settlement. With a decrease in the GNP of close to 7% in 1999 and the low increase in the last two years, the global framework is becoming more and more complicated for the Colombian state. The generalisation of the internal war and the consequent augmentation of military spending<sup>10</sup> — which today absorbs a little more than 30% of the finances destined for the functioning of the state — pose risks and additional problems from the point of view of creditworthiness. For the moment, we know that the government needs a million dollars more to sustain military expenditure.<sup>11</sup> Another factor is the enormous

corruption, the cost of which, according to a recent World Bank report, is greater than the destruction of the war in terms of impact on the economy: while war damage constitutes 4% of GNP, corruption reaches 7.9%, money which in the main flees the country through money laundering.<sup>12</sup>

Nor can the influence on the dynamic of the debt of the fall in exports, which started with the so-called "opening of the economy", be omitted. Firstly, the "opening" — because of an industry rendered inflexible by more than 30 years of "hothouse", that is, highly protected, economy, which was dominated by oligopolies which exploited the market as if it were a private fishing reserve — manifested itself in a structural deficit in the balance of payments and, secondly, it was financed by interest rates higher than the growth in GNP. Both these factors determined a heightening of debt relative to the GNP, which can be contained only by recessionary policies which cause the precipitous fall in imports. The vicious circle is, therefore, clear: the massive ingress of hoped-for capital after the "opening" simply converted itself into a nominal change ownership with a low level of technological innovation — given the presence of monopolistic guarantees and the desire for a rapid return on invested capital — and led to the reinforcement of the centralisation of capital and to the elimination of industrial and agricultural sectors considered superfluous by the world market, or which produced goods at a higher price than elsewhere. Integrated into an international circuit in which finance capital generates uncontrollable movements on a planetary scale, economies became more fragile and remained exposed to recurrent recessions and severe exchange and financial crises. In fact, with the "opening", there was importation massively above the exportation, and the difference was covered by external credits at rates above 10%. Every year it was necessary to obtain financing to cover the excess of importation and the interest due on previous credits. At the root of the disaster of the state accounts there is also the increase of internal debt which rests on resources captured on capital markets at rates of 36 and 37%. And,

as the interest rate exceeded the growth in production, the ratio between the debt and the GNP increased systematically. Although the attempt was made to correct the disequilibrium between imports and exports by adjusting the amount of money in circulation in accordance to the dictates of the market, no such mechanism worked. And, although Colombia is not at the same levels as Argentina<sup>13</sup>, in neither case was the adjustment sufficient to compensate for the relaxation of tariffs and restore the balance of payments. At present, both countries are registering a deficit in their current accounts of the balance of payments of about 3% of GNP, which implies a great increase in the debt.

Some bourgeois analysts of the Keynesian school have drawn attention to the errors in the government's political economy and particularly as regards the currency manoeuvres. The behaviour of exchange rates in Colombia — revaluationist tendencies relating to the abundance of foreign currency — is not consistent with any real data. Considering that imports are greater than exports and that the distribution of interest-bearing titles for the external debt exceed \$3bn, "the abundance of foreign currency can only be justified by government action aimed at drawing capital above the needs of disbursement, either to cover the debt or to armour-plate the economy"<sup>14</sup>. The maintenance of flexible rates generates distorting economic movements. One such is that the broadening of the debt manifests itself in revaluation and the heightening of interest rates. "As is written in the schoolbooks, in these circumstances expansion is achieved through the contraction of the external sector, that is, through the reduction of exportation and the augmenting of importation".<sup>15</sup> Although the state administrators are frequently reproved for not recognizing this reality, the facts are obscured: they, in the same as economic agents, simply react mechanically to movements and forces which are outside their control. As far as regards the deficit, they are engaged in breaking the process and occupying themselves with the so-called "armour-plating" of the economy with the anticipated contraction of external credits. As if it were logical that it was so, the

excessive entry of foreign currency accelerated revaluation, provoking the opposite effect: in fact contracting massive external debt brought with it the revaluation, frustrating exports.<sup>16</sup> Another aspect of the blind and unconscious process of the economy is the impotence of the technocrats prescriptions. Despite the periodic reduction of interest rates (the discount rate) on the part of the central bank — theoretically devoted to supplying liquidity to the economy — credit continues to stagnate. While in 1998 the portfolio of the financial system stood at 56 trillion pesos, today it is at 46.2 trillion pesos (a reduction of 17%). As well as the recession, this indicates that the revaluation of the exchange rate is giving rise to expectations among economic actors of future devaluations, and these expectations stimulate them to put savings into external investments in order to obtain advantages from the announcement of a devaluation. Nevertheless, Professor Sarmiento and his left disciples are wrong when they maintain that these "errors" would be corrected within a system where the state fixes (and continually reviews) exchange rates, rather than leaving them to the market. This would have been possible before the present globalised and liberalised economy, since governments could relatively independently sketch out the directions of macroeconomic policy. At that time, confronted by situations of crisis and having the aim of achieving budget adjustments, the state could not renounce the possibilities for obtaining credit from the bank of issue at low cost and long term. The expansive effects of credits from the central bank were — as was verified during the financial crisis in the middle of the 1980's — perfectly manageable and could be compensated for by the use of monetary and exchange instruments to avoid the explosion of inflation. Then, fiscal deficit could operate as a factor to stimulate the economy without significant repercussions on the exchange rate. Sarmiento talks of the "Keynesian heresy" and denounces the induction of a fiscal deficit financed by external credit within a system of flexible rates in an economy with levels of indebtedness like those of Colombia, as "the royal road to financial crisis"<sup>17</sup>. As an alternative, he proposes covering the



hole with internal credit, passing over the immediate inflationary effect that this would provoke within the present economic framework. Subject to the heavy action of international finance capital and to a world supply which is ever more abundant, the economy would not march towards Keynesian "full employment", but towards a deepening of the local manifestations of the crisis. Today, in fact, the currency and capital markets act through autonomous channels and have a power all of their own which neutralises monetary policies which, in other circumstances, show themselves to be efficacious. The drastic reduction of national states' regulating capacity in the context of globalisation, the struggle in the centres of imperialist power and the specific weight of their interests on the local level limit the scope of action of the specific national governments. In other words, while for left bourgeois critics the responsibility for the situation falls on the theories which serve to justify the economic model, we see it in the structural conditions of the capitalist economy.

Another explanation for the phenomena in the current account is found in the high dependence on exports of raw materials. Returning to our parallel between Argentina and Colombia, we observe that the consequences of indebtedness are similar in both countries. They are highly unstable economies. The stability of the balance of payments is conditioned by the poor levels of productive activity. The system is becoming excessively fragile and any external perturbation could plunge it into crisis. For example, Argentina could never absorb the large devaluation of its main commercial partner, Brazil, practically the sole importer of its industrial products. Just like Argentina, more than half of Colombian exports are represented by agricultural and mining products.<sup>18</sup> In such a state the amounts of incoming foreign currencies are relatively rigid with respect to the exchange rate, and excessively high amounts are needed to compensate for the tariffs and to equalise the balance of payments, something which is not always possible. Therefore, the fall in the prices of the principal export products is not compensated by new exportation. If there is not a

sustained growth of two deciles in exports, the weight of the debt will be ever more onerous. According to a report given by Senator Luis Guillermo Vélez to Congress, the accumulated deficit in the current account (balance of payments) in the last three years stands at 5%; recall that this year alone there will be a deficit of \$3bn, about 3% of GNP. A cofactor — with the restrictions which we mentioned earlier — is the revaluation of the peso at a rate which fluctuates according to the fluctuations of the free market. After a certain point, revaluation is transformed into a recessionary factor which ends by putting the brake on export and causing the plan to fail. The central government deficit is 10 trillion pesos.

### Notes

1 We underline the invalidity of general concepts such as "per capita income". It is a question of a conceptualisation which abstracts from the social and class differences between the individuals who live in a territory and divides between them — making a *tabula rasa* of these differences — the national income.

2 Declaration of the Industry Minister JM Santos to the *El Espectador* newspaper, 3<sup>rd</sup> March 2002.

3 Among the IMF plan's priorities are

- a) reform of the pensions system;
- b) a law for a limitation in the growth of public spending and the gradual reduction of the debt;
- c) reform of the banking system;
- d) reform of the stock exchange and of the market in moveable goods;
- e) conceding powers to the executive for the suppression of public bodies.

They are preparing for, amongst other things, the sale of the *Banco Cafetero*, the privatisation of 14 electrical companies, the franchising of the construction of rail tunnels and of the mobile phone system.

4 The "credit rating" shows the capacity to pay (or insolvency) of the economy. This is determined by the level of debt, the dynamic of the debt and the behaviour of the investments which are to cover it.

5 *El Espectador*, 17<sup>th</sup> March 2002.

6 *Ibid*

7 According to the Industry Ministry, the national budget in 2002 was made up in the following way: total working costs 20 042 680 375 932; service payments on the external debt 10 030 499 122 261; service payments on the internal debt 12 909 299 895 668; total service payments on public debt 22 939 799 017 929; total investments 9 923 070 844 214; total budget 62 910 550 238 075.

8 *El Espectador*, 3<sup>rd</sup> March 2002.

9 By fixing their gaze on the GNP and the macro-economic aggregates, the economists have lost sight of the evolution of workers' incomes. In the last 5 years, the mean real income of Colombian workers has fallen 29%. This fall means that incomes are below those of 1978. The figures for income by age allow a better analysis of the depth of the crisis. The crisis has changed the relationships between age and income. In Colombia, the income level grows in inverse proportion to the age: the older you are, the lower the income. Today, every yearly automatic promotion is paid half of what it was 25 years ago: 0.8 as against 1.4. The fall in pay by age obviously has its greatest effect on the elderly. While, during the last 5 years, the income of the young has fallen by 15%, that of the elderly has collapsed by 35%. Source: *El Espectador*, 27<sup>th</sup> January 2002.

10 The daily war expenditure of the Armed Forces is 45 000mn pesos, and tends to increase to the same extent as the number of professional troops and the technological components of military operations. All this opens the possibility of a collapse in public finances.

11 At the moment, every increase of 10 000 professional soldiers costs the Treasury 260 000mn pesos.

12 *El Espectador*, 3<sup>rd</sup> March 2002.

13 In this country, internal inflation has grown less than international inflation over the last few years, and, over the last year there has been the introduction of a plurality of currencies which implies a nominal devaluation. At the end of convertibility the real rate of exchange was higher than at the start. Over the last three years there have been various devaluations which have set the real rate of exchange higher than its historical level.

14 "Induced revaluation", Eduardo Sarmiento *El Espectador*, 27<sup>th</sup> January 2002.

15 *Ibid*

16 In 2001, the *Banco de la Republica* undertook a loan for the record sum of \$3.7bn *El Tiempo*, 6<sup>th</sup> January 2002.

17 "The drama is not so much in the fiscal deficit, but in the modality of the flexible exchange rate. This modality was adopted throughout Latin America at the beginning of the decade and the countries cannot adapt to these high rates. Market stimuli generate opportunities for revaluation which accumulate and explode in revaluations. The worst thing is that the system has become perverse. When there is a scarcity of capital, the exchange rate increases, giving life to serious recessionary effects. When there is an abundance of dollars, the rate of exchange is revalued, threatening the stability of exchange. The economies are tossed between recession and exchange crises."

"... the Pastrana administration ... after the tax reform and an agreement with the IMF, ended up having a higher deficit. At present, public spending increases by about 20%."

However, this purely monetarist management could turn out to be the worst of all evils" *El Espectador*, *ibid*

18 This data shows the industrial regression that has hit the Colombian economy with respect to the 1980's, during which 65% of its exports were manufactured.

## The CWO's Basic Positions

1. We aim to become part of the future world working class party which will guide the class struggle towards the establishment of a stateless, classless, moneyless society without exploitation, national frontiers or standing armies and in which the free development of each is the condition for the free development of all (Marx): Communism.

2. Such a society will need a revolutionary state for its introduction. This state will be run by workers' councils, consisting of instantly recallable delegates from every section of the working class. Their rule is called the dictatorship of the proletariat because it cannot exist without the forcible overthrow and keeping down of the capitalist class worldwide.

3. The first stage in this is the political organisation of class-conscious workers and their eventual union into an international political party for the promotion of world revolution.

4. The Russian October Revolution of 1917 remains a brilliant inspiration for us. It showed that workers could overthrow the capitalist class. Only the isolation and decimation of the Russian working class destroyed their revolutionary vision of 1917. What was set up in Russia in the 1920's and after was not communism but centrally planned state capitalism. There have as yet been no communist societies anywhere in the world.

5. The International Bureau for the Revolutionary Party was founded by the heirs of the Italian Left who tried to fight the political degeneration of the Russian Revolution and the Comintern in the 1920's. We are continuing the task which the Russian Revolution promised but failed to achieve — the freeing of the workers of the world and the establishment of communism. Join us!

# Internationalist Communist

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